FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER
No. 30,241
Saturday May 23 / Sunday May 24 1987
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WORLD NEWS

Four die as riots spread to Delhi

The Indian army, police and paramilitary forces were called out to control rioting between Hindus and Moslems in the walled city of Delhi yesterday. Four people died after police opened fire on the crowds, and about 70 were hurt.

The rioting spread from Meerut, 40 miles away, where *80 people are feared dead after* five days of fighting. Clashes continued there despite a curfew and heavy security patrols. Page 2

Reagan firm on Gulf

President Reagan, mourning those killed in the attack on the US frigate Stark, said a US naval presence in the Gulf region was essential to world security. Page 2

Fiji council named

Fiji's Governor General began swearing in an emergency council of advisers. Coup leader Lt Col Sitiveni Rabuka keeps a key position. Page 2; Profile, Page 11

Steel wins damages

Liberal leader David Steel and a barrister's wife won "very substantial" damages, an apology and costs from the Star newspaper in a libel case. Page 6

Asylum ruling

Seekers of political asylum who are refused entry to the UK must be told why before moves are made to deport them, the High Court ruled.

Sinn Fein man wounded

Belfast city councillor Alex Maskey, running Sinn Fein president Gerry Adam's election campaign, was wounded by a gunman at his home.

Sri Lanka army attacks

Sri Lankan armed forces *stepped up* attacks on Tamil rebel strongholds. It was not clear if they intended to recapture Jaffna. Page 2

50,000 AIDS cases

The World Health Organisation said 49,677 cases of AIDS had been reported by 112 countries.

Takeshita ahead

Former Japanese Finance Minister Noboru Takeshita appears to have taken an early lead in the race to succeed Premier Yasuhiro Nakasone. Page 2

Kenya border closed

Kenya has closed its land border with Uganda to most Ugandans, despite claims to the contrary. Page 2

Argentine divorce move

Argentina's senate approved a bill to legalise divorce, despite a campaign against it by the Roman Catholic Church.

£2.6m for Mozart

Nine symphonies by Mozart, in his own handwriting, sold for £2.585m at Sotheby's in London. Weekend FT, Page XVII

Athletes accused

Former UK 400 metres record-holder David Jenkins was arrested in California on suspicion of heading a steroid drug-smuggling ring.

Rugby World Cup begins

New Zealand beat Italy by a record 70-6 in Auckland to open the first rugby World Cup competition.

Financial Times

The Financial Times will not be published on Bank Holiday Monday, May 25.

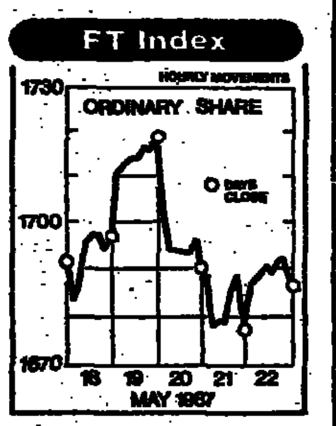
BUSINESS SUMMARY

Rover paid ex-directors £814,714

ROVER GROUP, state-owned car maker, paid five directors a total of £814,714 for loss of office following the arrival last year of Graham Day as chairman, according to accounts sent to shareholders.

The company disclosed a sharply increased net loss of £317.5m at its Austin Rover car *business. Land Rover UK lost* £4.9m against £700,000 profit in 1985. Back Page; Rover plant contract awarded, Page 4

EQUITIES rallied in quiet trading in London, but markets remained nervous as traders scrutinised opinion polls ahead of the general election. The



FT-SE 100 Index gained 13.8 to close at 2,167.5, to drop of 22.2 on the week. The FT Ordinary Index rose 9 to 1,686.7, down 4.9 on the week. London Stock Exchange, Page 16

EUROPEAN Community inflation rose 0.5 per cent last month, its bigest jump since September, according to EC provisional statistics. Consumer price index rises of 1.2 per cent in Britain and 2.3 per cent in Greece were the main factors for the total. US consumer price rises, Page 2

GOVERNMENT unemployment figures show that the number of people out of work has hardly fallen since last summer, says economics professor Richard Layard. Back Page

UK ECONOMY will grow by more than 3 per cent this year fuelled by buoyant consumer spending, increased real earnings and tax cuts, says the Society of Business Economists. Page 4

ACCOUNTANCY: Trade Department has decided against imposing a new regulatory body above the four existing professional bodies. Back Page; Details, Page 4

EGYPT is to be allowed to stretch debt repayments over 10 years, with a five-year grace period, under a rescheduling agreement reached with creditors. Page 2

CULLEN'S HOLDINGS, grocery, wine and spirits retailer, saw annual losses rise by 69 per cent to £2.63m before tax. Page 12

GRAND METROPOLITAN, food, drink and hotels group, is paying Ranks Hovis McDougal £19.5m cash for its cheese and butter maker, Dairy Produce Packers. Page 14

FRENCH GOVERNMENT priced shares in Havas at FFr 500 (£50.25) each, valuing the state-controlled advertising group at FFr 6.3bn. Page 14

The Thatcher Years

A series of features published in the FT in March and April assessing the Thatcher years is now available in book form, price £2.48, from most UK newsagents.

In it, FT journalists cover subjects ranging from housing to hospitals and education to unemployment.

Paris and Bonn move closer to accepting 'double zero option'

BY DAVID HOUSEGO IN PARIS

EUROPEAN NATONS yesterday appeared to be moving towards qualified acceptance of the "double zero option," proposed by the Russians, which would remove long-range and short-range US and Soviet nuclear missiles from Europe.

At the end of a two-day *Franco-German summit* in Paris, Chancellor Helmut Kohl said that West Germany was now considering seriously the elimination of shorter range (500-1,000 km) weapons. He told a press conference that he would announce the West German position — which remains the key to a European consensus—to the Bundestag on Thursday.

Bonn's reservations focus on the Chancellor's desire to exclude the 72 West German Pershing 1A missiles from any US-Soviet agreement on shorter range weapons. These have a special status in that the launchers are West German but the nuclear warheads are American-owned. Mr Mikhail Gorbachev, the Russian leader, has said that they should be included in an agreement.

The Chancellor also wants any agreement on longer range (1,000-5,000 km) and shorter range missiles to be accompanied by disarmament progress on battlefield nuclear weapons, conventional forces and chemical weapons—areas in which the Russians have superiority.

President Mitterrand repeated his support *for* the "double zero option" as a good initiative, while he said that the Pershing 1As presented a problem *that* could have a "determining" influence on the negotiations.

Bonn wants to keep the *option* of modernising the weapons—effectively through deploying modified Pershing 2s—but this could prove unacceptable to both the Russians and the West German public.

The French view is that the negotiations over *shorter range* weapons could founder on the complicated issues posed, but even in such circumstances, the more important agreement on longer range weapons could be concluded.

Mrs Thatcher last week expressed Britain's support for the "double zero option," and President Mitterrand said yes*terday that he had no disagree*ment with her.

Mr Manfred Woerner, the West German Defence minister, said that a "clear dominant line" appeared to be emerging. This suggests that the rifts within the West German coalition are beginning to heal.

President Mitterand's position runs counter to that initially taken by Mr Jacques Chirrac, the French Prime Minister, who expressed "strong reservations" on a short-range agreement.

Asked yesterday whether there was still a difference of view within the French administration, the President said "France speaks with one voice. You have heard it."

In practice Mr Chirac seems to have bowed towards the possibility of a European consensus forming around the West German position. Also *the* Chancellor's apparent insistence on maintaining the 72 Pershing 1A missiles comes close to his own lobbying for a short-range agreement on the basis of the Russians and the Americans retaining 80 weapons each—at a level thus of equality but "*above zero.*"

The West German Chancellor made much of any "double zero option" agreement being part of a continuing process of disarmament that would involve shorter range nuclear missiles (0-500 km), conventional and chemical weapons. He asked his allies to understand the difficulties for West German public opinion to *accept a concentra*tion of weapons and forces in Germany. But he said he did not want this emphasis to block a US-Soviet accord.

Up to now Britain and France have sought to establish a "fire break" against negotiations taking in weapons below the 500 km range, because this would risk the "denuclearisation" *of Europe*.

In this spirit President Mitterrand yesterday rejected any procedural link between the two types of negotiation. But he said that disarmament talks had to be seen as part of a contiuing process.

Japanese likely to grant investment licences soon

BY TOM LYNCH AND DAVID LASCELLES

THE JAPANESE Government is expected to announce soon the granting of licences to several UK and foreign banks to conduct investment management activities *in Japan*. The move would open up access to one of the world's largest investment markets.

Further measures may follow and in Whitehall there is growing confidence of more progress shortly in the dispute between the UK and Japan over British institutions' access to the Japanese financial services business.

The investment management licences would be granted as part of a wide-ranging re-authorisation of the entire Japanese investment-management business following legislation in Japan last year.

Several UK banks, merchant banks and management firms have applied for licences. They include National Westminster, the UK's largest clearing bank, Barings, S. G. Warburg, N. M. Rothschild, Morgan Grenfell, Schroders and Kleinwort Benson.

Last year Japan indicated it would grant about 60 licences, divided equally between Japanese and foreign investment-management firms. The foreign applicants have been mainly from the UK and the US.

Although the investment-management licences are being issued as part of a broader review process, a substantial UK allocation would go some way to ease the strains which have developed in UK-Japanese relations over reciprocal access *to each others' financial* markets.

However, other major issues to do with the granting of Japanese securities - dealing licences and membership of the Tokyo Stock Exchange remain unresolved.

The Department of Trade was said yesterday to be close to completing a package of *measures to improve reciprocal* access for Japanese and UK financial institutions. Although it was not clear exactly what these measures might include, the department had also drawn up a scale of reciprocal actions in the event of a breakdown in the negotiations.

However, there was considerable optimism in the department that the package would go a long way towards achieving the access which the UK Government has been seeking from Tokyo.

The Treasury will this month *also be holding the latest of its* high-level, six-monthly consultations with senior Japanese Finance Ministry officials at which reciprocity will be discussed.

Smith & Wesson acquired by FH Tomkins in $112m deal

BY CLAY HARRIS

SMITH & WESSON helped to win the West is going east. F. H. Tomkins, the acquisitive British industrial holding group, yesterday agreed to pay the $112.5m (£67m) necessary to stick the leading US maker of handguns into its holster.

The purchase from Lear *Siegler Holdings, a US con*glomerate created in a $2.1bn leveraged buyout earlier this year, will give Tomkins its first manufacturing presence in the US.

Smith & Wesson has 30 per cent of the $250m-a-year US handgun market, which is heavily weighted towards private gunowners (if not gunslingers). More than two-thirds of its revolvers and semi-automatic pistols are sold to individuals.

But the high quality, and 135-year history, of Smith & Wesson also make it handgun maker by appointment to the Federal Bureau of Investigation and almost all state police forces.

"We're not in the Saturday night special, 30-buck market," Mr Greg Hutchings, Tomkins' chief executive, said yesterday. Most of the guns sell for $200 to $300.

Smith & Wesson also dominates the US handcuff market, with a 40 per cent share, and owns the Identi-Kit facial image system used by police forces to identify suspects. It made pre-tax profits of $14.1m on sales of $116.1m in the year to last June.

The most famous contemporary wielder of Smith & Wesson's Magnum was not available yesterday to comment on the change in ownership.

"That was only a movie," helpfully explained the telephonist at Mayor Clint Eastwood's city hall in Carmel, California. "I don't think he's into guns. He's more into water issues and municipal politics right now."

Tomkins, which won the Pegler-Hattersley engineering group in a £192m contested bid nearly a year ago, is focusing on the US for its next wave of expansion. In four years its stock market capitalisation has *grown from £10m to nearly* £300m.

It believes that Smith & Wesson, which has had three owners since 1984, will benefit from its practical management and technical skills.

Tomkins will fund the cash purchase with £23.1m of its existing resources plus the £43.9m net proceeds of a share placing announced yesterday.

Existing shareholders will be able to subscribe for all the new shares which have been conditionally placed at 258p. Tomkins shares added 8p yesterday to close at 283p.

Background, Page 12; Lex, Back Page

Education row embroils Tory leadership

BY PETER RIDDELL, POLITICAL EDITOR

THE CONSERVATIVE *leader*ship yesterday became embroiled in a row over its education plans as it sought to intensify its attack on the opposition parties over what it sees as the strong issue of defence.

Seeking to put Labour on the defensive, Treasury ministers will this morning also produce new and higher estimates of the cost of the opposition's public spending plans, aimed at catching the Sunday paper headlines.

At the first formal press conference of her campaign, Mrs Thatcher was closely questioned on Tory manifesto proposals to allow schools to opt out of local authority control.

Some confusion arose over the basis on which pupils would be picked for such schools and whether fees would be charged. This later led to fierce argument in a BBC radio discussion between the three party education spokesmen—the fifth such three-way debate of the campaign.

Mr Giles Radice, Labour's education spokesman, said the Tories wanted "a return to a privileged education for the lucky few and secondary moderns for the rest," while Mr Paddy Ashdown for the Alliance said the Tories were planning to reintroduce selection and school charges.

The *Conservative leadership* later issued a statement saying it was up to schools to choose their pupils. Moreover, those schools that opted out of local education authority control would still be state schools and admission fees would not be charged. Earlier, Mrs Thatcher said these schools would not be precluded from raising extra money.

At the press conference Mrs Thatcher was in commanding form, with the help of her husband Mr Denis Thatcher, who commented from time to time *in a stage-whisper* from the back. At one point he described a persistent questioner as 'thick."

The Tories' main theme was a renewed attack on defence by seeking to put the Alliance in the same camp as Labour with its non-nuclear commitment. Mr George Younger, the Defence Secretary, described *them as "fellow-travellers"* and said the Alliance's refusal to say what would replace Polaris would mean "a nuclear deterrent too weak to deter."

Earlier, this view had been fiercely attacked by the Alliance leaders, who argued that their support for a minimum nuclear deterrent was clear, in contrast to Labour, and that there was room for debate about particular weapon systems after the election.

Election campaigns, Pages 6, 7

Labour applies the polish but Tories stay ahead

THE FIRST week of the election has established that there will be no repeat of the 1983 campaign, writes Peter Riddell, Political Editor.

Whatever the result on June 11 — and the contest is still in its early stages — Labour has already mounted a more *polished and organised* campaign than four years ago.

There have, so far, been none of the *previous* public splits and gaffes. The party has emphasised those issues favourable to it—unemployment and the health service—and largely avoided the damaging one of defence. And, above all, Mr Neil Kinnock, Labour leader, has succeeded in projecting an image of someone who is warm and caring and concerned with ordinary people's problems and opportunities.

Mr Kinnock yesterday naturally denied adopting a presidential style. However, his regional tours concentrate on presenting favourable television pictures of him and he has had less contact with reporters than Mrs Margaret Thatcher has had. Similarly, the party's first election broadcast was solely concerned with his personality, ending with the word "Kinnock" rather than the more familiar "Vote Labour," and, remark-

Continued on Back Page

COMPARISON OF POLL RATINGS
Average of main surveys
(Comparable 1983 position in brackets)

	Cons	Lab	All
Start of campaign	43 (48)	29 (32)	25 (18)
Latest ratings	42 (46)	33 (34)	23 (18)

WEEKEND FT

CANNES

Cannes is the ultimate in film festivals, where cinematic reputations are made and ruined and box office prospects are put to the test.

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INVESTMENT

The Great Investment Race: the Pru forges ahead

Page V

CHELSEA

Predictability is part of the charm of the Chelsea Flower Show, but that is not the whole story . . .

Page XIII

WALK WILD

The Celtic legends are never far away on an Irish walk

Page XIV

MARKETS

DOLLAR
New York lunchtime:
DM 1.781
FFr 5.955
SFr 1.4625
Y140.7
London:
DM 1.7785 (1.777)
FFr 5.945 (5.9475)
SFr 1.46 (1.459)
Y140.55 (140.45)
Dollar index 100.3 (100.1)
Tokyo close Y140.35

US LUNCHTIME RATES
Fed Funds 6 11/16%
3-month Treasury Bills:
yield: 5.74%
Long Bond: 97 3/8
yield: 8.97%

GOLD
New York: *Comex June* latest $466.00
London: $465.25 ($470.00)

STERLING
New York lunchtime $1.6715
London: $1.6735 (1.6795)
DM 2.975 (2.985)
FFr 9.95 (9.9875)
SFr 2.4425 (2.45)
Y235.25 (236.00)
Sterling index 73.3 (73.7)

LONDON MONEY
3-month interbank:
closing rate 8 11/16% (8 3/4)

NORTH SEA OIL
Brent 15-day June (Argus)
$18.725 ($18.60)

STOCK INDICES
FT Ord 1,686.7 (+9.0)
FT-A All Share 1,084.45 (+0.5%)
FT-SE 100 2,167.5 (+13.8)
FT-A long gilt yield index:
High coupon 8.96 (8.91)
New York lunchtime:
DJ Ind Av 2,234.78 (+9.01)
Tokyo:
Nikkei 24,156.71 (+402.7)

Chief price changes yesterday. Back Page

Austria Sch 22; Bahrain Din 0.650; Belgium BFr 48; Canada C$1.00; Cyprus C£0.75; Denmark DKr 9.00; Egypt E£2.25; Finland Fmk 7.00; France FFr 6.50; Germany DM 2.20; Greece Dr 100; Hong Kong HK$12; India Rup 15; *Indonesia* Rp 3,100; Israel NS 3.50; Italy L1,600; Japan Y600; Jordan Fils 500; Kuwait Fils 500; Lebanon £L50.00; Luxembourg LFr 48; Malaysia Rin 4.25; Mexico Pes 300; Morocco Dh 6.00; Netherlands Fl 3.00; Norway NKr 7.00; Philippines Pes 20; Portugal Esc 100; S Arabia Rls 6.0; Singapore S$4.10; Spain Pta 125; Sri Lanka Rup 30; Sweden SKr 8.00; Switzerland SFr 220; Taiwan NT$65; Tunisia Din 0.800; Turkey L500; UAE Dh 6.50; USA $1.00; *Bermuda* $1.50.

CONTENTS

De Mita—too friendly to be a demon

BY JOHN WYLES IN ROME

AT ABOUT 12.30 pm yesterday, even the tolerance of Italian journalists for political equivocation reached its limit.

The table erupted with cries of impatience and Mr Ciriaco De Mita was entreated to answer the question.

In the previous 90 minutes, the question and answer session between the leader of Italy's Christian Democrat party and 14 senior journalists from La Repubblica had resembled a relaxed discussion in which one rather rambling member insisted on dominating the conversation.

The contrast with the previous day was striking. Then, Mr Bettino Craxi, the former prime minister and Socialist leader, had been the guest at the newspaper's election forum. Mr Craxi had dominated the two hours by sheer personality and scorching glare.

Despite Mr De Mita's reluctance, the campaign ahead of Italy's general election on June 14 is being increasingly personalised as a duel between himself and Mr Craxi.

The phenomenon is strange for Italy. Although the country has had its share of powerful politicians seeking personal votes, parties have rarely gambled their fortunes on the appeal of one man as the Socialists are doing with Mr Craxi.

The votes they want to steal are Communist and, above all, Christian Democrat. The innocuous Mr De Mita is a bald version of a friendly bank manager.

Not, therefore, the ideal candidate for casting by the Socialists as a demon bent on restoring the hegemony the Christian Democrats enjoyed until Mr Craxi coralled them into his governing coalition.

Little wonder that Mr De Mita appeared defensive yesterday despite his party having won the apparent endorsement of no less than the Pope himself.

As Primate of the Italian Church acting within the terms of the Church-State concordat, the Pope employed the recognisable codes which leave few in any doubt as to where the Church thinks the Catholic vote should go.

Ciriaco De Mita: politically enigmatic

Mr De Mita denied that the Church was saying Catholics were bound to vote for only one party, but the Christian Democrats were, he implied, at the meeting point between faith and political action.

On the only electoral questions really interesting most Italians — what coalition after the election, and which prime minister? — Mr Craxi was obscure and Mr De Mita confusing.

The Socialist who is likely to hold the balance of power repeated that he is waiting to see what the electors say and will not commit himself in advance to another coalition with the Christian Democrats and the smaller lay parties.

Neither would Mr Craxi give his inquisitors any encouragement to believe he is attracted by the Communist Party.

His only clear negative was to the supporting a government led by a Christian Democrat Prime Minister throughout the next parliament.

"Either we lead a government after the elections or we will not make a government," Mr De Mita said.

Half an hour later, he said: "There could be a government which is not led by the Christian Democrats with the right sort of programme." Thus, "the Pope's candidate" was several degrees more politically enigmatic than the Pontiff.

Takeshita leads race to succeed Nakasone

By Ian Rodger in Tokyo

JAPAN'S former finance minister, Mr Noboru Takeshita, appears to have taken an early lead in the race to succeed Mr Yasuhiro Nakasone later this year as Prime Minister.

Mr Takeshita, 63, attracted an unexpectedly large crowd to a fund-raising party in Tokyo this week. The crowd included 120 of the 141 parliamentary members of the Tanaka faction of the ruling Liberal Democratic Party, and Mr Shintaro Abe, leader of another faction and a potential rival for the party leadership.

Political analysts said this turn-out demonstrated that Mr Takeshita, who is now LDP secretary-general, had the support of the vast majority within his faction and considerable support outside it.

The Tanaka faction is the largest of the four main groups within the LDP, but is wracked by internal tensions.

Last week, Mr Susumu Nikaido, 77, announced he would be the faction's candidate to succeed Mr Nakasone, although it now appears he would have difficulty mustering the necessary 50 supporters to qualify for the race.

Following Mr Takeshita's successful fund-raising effort, Mr Hajime Tamura, International Trade and Industry Minister, and another Tanaka faction leader, suggested Mr Nikaido should withdraw.

Mr Takeshita said: "The last task in my political career is to listen to the people, no matter if I burn myself out." He is expected to announce his candidacy next week.

He was first appointed to the Cabinet when he became Construction Minister in 1976. He was Minister of Finance briefly in 1979 and then served as Mr Nakasone's Finance Minister between 1982 and 1986, a period characterised by austere budgets.

In a survey of the views of leading quoted companies toward the potential successors to Mr Nakasone earlier this year, Mr Takeshita was thought to have little international sense and few political convictions.

One analyst of the Tokyo political scene said yesterday he had no idea what Mr Takeshita's policy ideas were.

Mr Nakasone's extended term as party leader and Prime Minister is due to end on October 31.

The race to succeed him is expected to get under way in earnest in August, once an extraordinary session of the Diet (parliament) passes a promised package of measures to stimulate the economy.

The leading candidates, apart from Mr Takeshita, are Mr Abe, a former Foreign Minister, and Mr Kiichi Miyazawa, the Finance Minister.

Ganilau swears in emergency Fiji council

BY CHRIS SHERWELL IN SUVA

THE GOVERNOR General of Fiji, Ratu Sir Penaia Ganilau, last night began swearing in a 19-member council of advisers to run the island state under emergency rule and to review the constitution before a general election.

This completes the formal dismantling of the regime forged by Lt Col Sitiveni Rabuka, the military officer who ousted the country's four-week-old government nine days ago.

This leaves Col Rabuka in a key position of influence running the army and police. Ratu Sir Kamisese Mara, the former Prime Minister who lost the election last month and joined Col Rabuka's coup, is included in the council.

The move confirms the expected political victory for the country's conservative forces of ethnic Fijians, in particular in relation to the Indian community, which constitutes a slight majority of the 720,000 population.

The formation of the council was announced by the Governor General after the Great Council of Chiefs met for a fourth day.

He said an agreement reached with Col Rabuka and the chiefs meant that "life in this country and the affairs of the nation will at least return to a good degree of normalcy as from this moment."

Dr Timoci Bavadra, the deposed Prime Minister, who was also named to the council said the council appeared to be "stacked heavily" in favour of Ratu Mara's party. He said he would decide his course of action after meeting colleagues

Of the council's 19 members, 15 are ethnic Fijian, three Indian and one European. Six of the Fijians are former members of Col Rabuka's post-coup council of ministers and two are from the Indian-dominated Bavadra government.

In an address broadcast nationwide, the Governor General said he had placed "due emphasis on the multifarious interests of all the people of this nation in the context of our racial, political, economic and religious background."

Among its technocrat members are the reserve bank governor, the head of the public service commission, and a former army commander who manages a multi-national company's interests in the region.

About eight members of the council, still unidentified, will examine the sensitive matter of the constitution and recommend which provisions should be repealed or changed. The military said yesterday that Col Rabuka would chair the review team.

It is not clear whether any of the constitutional proposals will be implemented before or after the election. If it is before, a problem could arise because parliament is supposed to amend the constitution.

Either way, the elections themselves will take place at an indeterminate date under emergency rule, and members appointed to the council of advisers will serve only until then.

Australia said it found the new power arrangements unacceptable because, it claimed, they put as de facto prime minister the leader of an assault on the democratic process.

In fact all the council's members will come under the Governor General's command.

The announcement yesterday was in line with the Governor General's demands from Col Rabuka and the council of chiefs. Although the Governor General has had to give some ground, the 38-year-old military officer has clearly made further concessions.

Reagan firm amid fears over US Gulf forces

By Andrew Gowers, Middle East Editor

President Ronald Reagan yesterday defended the US naval presence in the Gulf amid rising concern in Congress about American military involvement and a growing debate within his Administration about the wisdom of committing more forces.

At a memorial service for the 37 American sailors killed in last Sunday's Iraqi missile attack on the US frigate Stark, Mr Reagan said the US role in the Gulf was essential to protect Western security, to maintain the free flow of oil and to build the conditions for peace in "the tinderbox that is the Middle East."

His remarks followed a move by the Senate to obstruct the Administration's plan to place 11 Kuwaiti tankers under US naval protection by re-registering them under the US flag. The upper house voted by 91 to 5 on Thursday night to block the agreement until the Administration spells out a detailed security plan for US and allied warships in the Gulf, including their rules of engagement and air cover arrangements.

Although the vote is on its own not binding, it is being regarded as a strong signal of concern at the uncertain waters into which Mr Reagan is being drawn.

The worry among congressmen is that US ships will find themselves in confrontation with Iran, which has said the American flag will not deter it from attacking tankers.

Obstruction of the deal would be a major setback to US attempts to rebuild its credibility in the Middle East, especially because of the difficulties which this week's events are creating for US plans to sell 12 F-15 fighters to Saudi Arabia for between $40m and $500m.

The Administration is considering options to improve the security of its seven-vessel force in the Gulf, including adding more ships and providing air cover. Officials say they would welcome help from US allies—including Britain and France, which both have warships in the Gulf—in protecting oil shipments.

The British Government said yesterday it had not received such a request, but would consider any suggestions from the Americans.

Italy unveils new bank measures

By Alan Friedman in Milan

ITALY TOOK another step toward liberalising its banking system yesterday by unveiling a partial relaxation of the rules governing the opening of branches for Italian banks and the rights of foreign banks in Italy to extend credit.

The inter-ministerial Cabinet committee on credit and savings in Rome announced three key measures:

- Foreign banks which until now could only extend loans within the regions where they are based (mainly Lombardy) may henceforth make loans throughout Italian territory;
- Italian banks, which are subject to stringent Bank of Italy controls on the opening of new branches, may now agree to swap branch locations among themselves;
- Certain banks which have been restricted in the extent to which they may offer medium and long-term credits, will now have greater freedom to do so.

Yesterday's deregulation measures, which are part of a larger policy of complying with European Community guidelines, are limited and still quite cautious.

The freedom of foreign banks to lend throughout Italy, for example, is subject to reciprocal measures on the part of other countries where Italian banks operate.

Likewise, the central bank will still maintain fairly tight controls on branching for domestic banks. The new development, in effect, is that a bank in Lombardy, for example, may now swap branches with another in Sicily.

It will be another two years before Italian banks have greater discretionary freedom to open branches in the geographic location of their choice.

The rules on medium and long-term credit are also partial measures, which mainly expand the categories of institutions which may engage in longer-term lending.

Yesterday's liberalisation measures come in the wake of last week's lifting of long-standing restrictions on the private purchase of foreign securities.

The Cabinet committee which acted is the same body which in February announced important relaxation measures on the formation of new merchant banks in Italy.

Moscow offers satellite launches

BY WILLIAM DULLFORCE IN GENEVA

THE SOVIET UNION has offered to launch foreign satellites and wil take steps to help win US approval for exports of scientific equipment to Russia.

Mr Alexander Dunayev, chairman of Glavkosomos, the Soviet organisation co-ordinating space technology, made the offer to representatives of 12 Western companies at a meeting of the World Economic Forum.

Mr Dunayev said a satellite could be placed in geo-stationary orbit on a proton launcher, for around $30m, but the fee could be negotiated according to the customer's specific requirements.

A 20-tonne payload could be put into earth orbit for about $26m, and a seven-tonne payload could be launched on Soyuz Moliya or Vostok rockets for between $10m and $14m, Mr Dunayev said.

He listed seven types of Soviet rocket vehicles available to launch payloads from 450 kg to 21 tonnes into close orbit, on to outgoing planetary paths, or towards the moon or Mars.

Representatives of five or six US companies, including Martin Marietta International, met Mr Dunayev. Britain's Hawker Siddeley sent a representative from Elmwood Censors, its US subsidiary. France's Eutelsat and Italy's Montedison were also present.

Some thought the Soviet offers were "good," Mr Dunayev said. He stressed, however, that the Soviet Union was not competing in price with other countries, such as China, which have offered to launch foreign commercial equipment into space.

But customers needing to put satellites into space were having to wait in a long queue (after the halt to the US shuttle programme and the delays to the European Ariane launches).

The Soviet launch programme was heavily burdened with national projects but if foreign companies could get a US licence to send their equipment to the Soviet Union "we can solve any problems," Mr Dunayev said. They would waive customs clearance and allow round-the-clock escorts to help persuade the US to grant licences.

Ingosstrakh, the Soviet insurance company, would insure the launch for a premium of around 12 per cent of the launch fee. Customers would have to insure the satellite itself with their own insurers.

Soviet car-makers' inefficiency attacked

BY PATRICK COCKBURN IN MOSCOW

SOVIET car and truck manufacturers are under fire for producing 10- to 15-year-old models with obsolete machinery and for spending money on research and foreign machinery for little return.

A report by a committee of the Supreme Soviet, the Soviet parliament, says weaknesses in the Automobile Industry Ministry are extremely important. It produces vehicles worth 23bn roubles (£23bn) a year including 1.2m cars, 900,000 trucks and buses, underground railway cars and 3m bicycles.

Improving technology and productivity in Soviet engineering is at the heart of the economic reforms being introduced by Mr Mikhail Gorbachev, the Soviet leader.

The committee's comments, much more pointed than in the past, shows the difficulties being faced by Soviet industry in general.

Mr Alexei Yeliseyev, the head of the committee runs the Bauman Higher Technical School in Moscow and is a former cosmonaut. He said the engines of Soviet-made Kamaz trucks were guaranteed for 170,000-180,000 kilometres while the figure for similar Mercedes trucks was 700,000 to 800,000. Labour productivity in the industry is a quarter of that in the best Western companies.

Four main reasons for the poor quality were identified.

- New models are developed over 10 to 15 years so they are already obsolete by the time they go into production.
- Slow re-equipment of plant and construction of new plant. The average time for the construction of an industrial plant in the last five year plan (1981-85) was 9 years—two or three times longer than intended.
- Poor research, despite the Automobile Ministry running 25 large research institute and ten research and production organisations employing 102,000 people. The results of their work were seldom better than those obtained abroad.
- Ineffective employment of foreign machinery. Out of 280m roubles of foreign equipment purchased for the Moskvich car plant only 49m roubles is being used.

US consumer prices rise by seasonally-adjusted 6%

BY WILLIAM HALL IN WASHINGTON

US CONSUMER prices rose by 0.4 per cent in April, in line with the growth rate in the previous two months. It means that the consumer price index has grown at a seasonally adjusted annual rate of 6 per cent during the first four months of 1987.

The US Department of Labour, which released the statistics, says the food and energy components of the CPI each advanced 0.3 per cent in April. The rise in the food index, which declined in March, was led by sharp increases in prices of fresh fruits and vegetables, but the rise in energy costs slowed in April. This reflected a smaller increase in petroleum-based energy prices and declines in charges for natural gas and electricity.

The rise in US consumer prices in April was slightly less than Wall Street had been expecting but it is clear that there are still conflicting views within the investment community about the significance of the acceleration in US inflation.

Mr Irwin Kellner, chief economist at Manufacturers Hanover Corporation, said an annual rate of 6 per cent in the opening months of this year was the highest level since 1981. "Clearly inflation has broken out of the mode of the past few years."

The US Department of Commerce yesterday revised upwards the first quarter rate of real gross national product growth by 0.1 per cent to 4.4 per cent. It also increased the GNP deflator, a good proxy for the rate of inflation,

80 feared killed in Indian riots

By K. K. Sharma in New Delhi

THE ARMY was called out in the walled city of Delhi yesterday when police and paramilitary forces failed to control frenzied Hindu and Moslem mobs.

The mobs had attacked each other for more than two hours as communal rioting spread to the capital from the nearby town of Meerut in Uttar Pradesh, where about 80 people are feared killed in five days of communal rioting.

In Delhi, after three people were killed and about 100 injured in the rioting yesterday, a curfew was imposed in the affected areas after widespread arson and looting at the Jama Masjid, the largest mosque in India.

Tension remains high in Meerut, about 40 miles from Delhi. There, clashes continued despite a curfew and heavy patrols by security forces.

Meerut has been the scene of frequent communal rioting in the past few months. The cause of the tension has been claims by both Hindus and Moslems to a shrine at Ayodhya Uttar Pradesh, said to be the birthplace of the Hindu god Rama.

The shrine was declared open last year by the courts after it remained closed for more than two decades while the two communities were involved in litigation.

This week's violence is obviously connected with the claims to the shrine, where the Moslems built a mosque about 400 years ago, mainly because tensions have been simmering while leaders of the two communities squabbled in public.

Kenya and Uganda in transport row

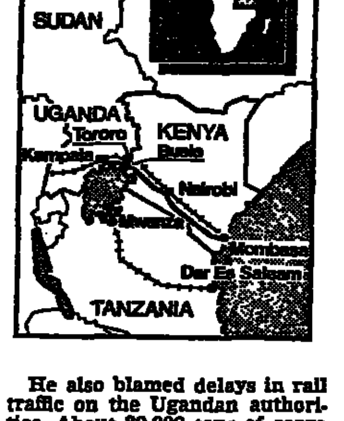
BY ANDREW BUCKOKE IN NAIROBI

RELATIONS between Kenya and Uganda were severely strained last night by a dispute over border traffic.

The dispute, over road and rail charges, has potentially far-reaching consequences for land-locked Uganda, which depends on the route to the Indian Ocean port of Mombasa for over three-quarters of its trade, including vital coffee exports.

Although Mr Elijah Mwangale, Kenya's Foreign Minister, has denied Ugandan claims that the border has been closed, it seems clear that normal traffic is being severely disrupted.

"Kenya views with great concern the slanderous statements made by Ugandan officials," the minister told a press conference on Thursday night. Road transport of Uganda goods had come to a halt, he said, because of Uganda's demands that each lorry crossing the border from Kenya had to pay a fee of $300, plus $50 for each 100 km travelled inside Uganda.



He also blamed delays in rail traffic on the Ugandan authorities. About 30,000 tons of cargo for Uganda and 700 railway wagons are held up in Kenya, while 40,000 tons of coffee await shipment from Kampala to Mombasa, according to Ugandan officials and shipping agents. Uganda says the hold-up has been caused by Kenya's failure to provide sufficient locomotives.

An important factor in the dispute, exacerbated by uneasy relations between the conservative Kenyan administration and the ostensibly socialist Ugandan government, is the powerful Kenyan transport lobby.

Prominent businessmen, including several senior politicians with interests in road haulage companies, have been upset by a directive from President Yoweri Museveni of Uganda that his country's fuel supplies should come by rail rather than road.

President Museveni said Uganda could save $50m a year by switching more of its external trade to the cheaper rail system.

Egypt wins deal on debt rescheduling

BY GEORGE GRAHAM IN PARIS

EGYPT yesterday reached agreement with its creditors on a plan to reschedule debt repayments.

The agreement, reached after two days of talks at the Paris Club of creditor nations, consolidates Egypt's debt repayments due up to the end of last year and spreads them over 10 years. A five-year grace period was agreed.

Dr Salah Hamed, governor of the Egyptian central bank and head of his country's delegation at the Paris talks, said he had obtained almost all that he had sought, but refused to specify the amount of debt that had been rescheduled.

Last week in Cairo officials said the negotiations would cover about $10bn of government-to-government debt, including military loans and government-guaranteed suppliers' credits.

Egypt had originally asked for its debt to be rescheduled over 15 years, but Dr Hamed said he recognised that this longer repayment period was reserved for second reschedulings and for the poorest countries.

The Paris Club has in the past refused to agree to reschedulings of longer than 10 years, but earlier this week it agreed to reschedule more than $800m of Zaire's official debt over 15 years, with a six-year grace period.

The extension followed moves by France and the UK to propose measures which would help the poorest and most heavily-indebted countries.

Mr Sambwa Pida Nbagui, Zaire's minister of planning, said yesterday the country still needed considerable concessions in bilateral negotiations with its creditors on the interest rates charged on rescheduled payments, since these could represent as much as a third of the amount rescheduled.

"If we had not achieved significant help on the rescheduling it would have led directly to the suffocation of the Zairean economy," Mr Nbagui said.

Since official debt represented more than 65 per cent of Zaire's total debt, interest payments could be at concessionary rates, he said, and need not be linked to international market rates.

The Paris Club also agreed a $2bn rescheduling package for Argentina earlier this week.

Singapore maintains recovery

By Roger Matthews in Singapore

THE recovery in Singapore's economy was maintained during the first quarter of 1987 and is becoming more broadly based, according to a survey by the Ministry of Trade and Industry.

It said this was the first time since the economy bottomed out 12 months ago that there had been evidence of across-the-board growth. During the first three months of this year the economy grew at an annualised rate of 7.1 percent over the final quarter of 1986.

Credit for the turnaround was given to the government's cost cutting and wage restraint measures, although it was accepted that the appreciation in the value of the yen and the improvement in some commodity prices had also helped.

A survey of business opinion generally reflected this trend, but the ministry warned that although the overall size of the pie had begun to expand moderately, the slice for each player had not been expanding fast enough to raise optimism at the micro level.

Our Bonn Correspondent reports on a poll which has led to police raids and armed hold-ups

Census army plunges West Germans into battle

DOOR BELLS are ringing throughout West Germany this week as an army of counters conduct a census steeped in controversy and full of incident.

The first national census for 17 years, due to be completed by Monday, has seen police raids, demonstrations, armed hold-ups and a welter of publicity as proponents and opponents of the count are locked in battle.

Although 40 per cent of West Germans remain concerned about the data protection implications of the census, an unprecedented government publicity campaign to reassure them seems to be winning over some waverers.

Latest opinion polls show some 70 per cent will complete the census forms, with those boycotting it — and risking fines of up to DM 10,000 (£3,450) — put at between 3 per cent and 9 per cent, and the rest still undecided.

Among the 500,000 counters — slightly more than the full strength of the West German armed forces and, apart from public servants, including some military volunteers — is Mr Martin Bangemann, the Bonn Economics Minister.

Although shrouded in secrecy, his beat si understood to be a "difficult" section of Bonn South, which includes many students who are likely to be supporters of the Green party that has led the census boycott campaign. Their slogan has been: "Only sheep are counted."

Like other counters, whose rewards will range between DM 300 and DM 660 (£100 and £220), the burly Mr Bangemann risks having the odd door slammed in his face.

Tempers are flaring over the twice-postponed census which opponents see as another step towards a "Big Brother" state that can tap the minutest details on its citizens from a vast reservoir of computer data.

But advocates of the count, and statisticians greedy for more figures, argue that the census is vital for future planning, whether for public transport or hospital building.

The first German census was carried out in 1871 and was repeated every five years during imperial rule. Counting continued during the Weimar Republic and the Third Reich, was resumed in west Germany in 1946 and then from 1950 at 10 yearly intervals until 1970.

The planned 1983 census was overturned in the last minute by a decision of the constitutional court which ruled that data protection provisions had to be improved.

A new, modified law was drawn up and passed by all parliamentary parties except the Greens in 1985, paving the way for the present census and ending the longest period between counting since 1871.

The census forms handed out by the counters are designed to cull considerable information about people and their homes with an undertaking that names and addresses will be detached and destroyed at an early stage.

Questions include — apart from age, sex and marital status — religion and nationality, hours worked, sources of income, education, employment, means of transport and time needed to get to place of work, as well as ancillary jobs.

There are also detailed questions on accommodation, number, size and use of rooms, means of heating, and rent.

But it is not so much the questions as the initial lack of anonymity and the means of compulsion which have aroused opponents, including 300 lawyears.

Counters are instructed to call on homes if necessary three times to try to question housebuilders who can alternatively take the forms and return them by post. Failure to comply, deliberately false answers or mutilation of forms brings the threat of a hefty fine.

Already 22 newly-elected Green Bonn MPs were fined DM 8,400 (£2,900) each for holding up a banner outside the Bundestag calling for a census boycott.

There have been nationwide police raids on homes and offices of suspected boycotters with tons of material confiscated. In one case, a journalist in Nuremberg has been charged with "inciting a boycott" for reporting an anti-census meeting held by the Greens.

False census forms and bogus counters have surfaced this week in dozens of cities and some *bona fide* census-takers have had a rough time, being held up and/or mugged. In Hamburg, police protection is being offered to counters.

Before a televised football match in Dortmund between two top teams, Borussia and Hamburg SV, opponents painted indelibly on the pitch in six foot high letters: "Boycott and sabotage the census." To avoid a last minute cancellation of the match, the quick-witted ground manager had a few letters added, making it: "The Federal President says: 'Do not boycott and sabotage the census'."

But as the Greens pointed out, and statisticians concede, a boycott by only 5 per cent of the population could be enough to render the nearly DM 1bn (£345m) project futile. The indications are that the percentage of those who refuse to stand up and be counted could well be higher.

FINANCIAL TIMES
Published by the Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and as members of the Board of Directors, F Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: R.A. Harper, Frankfurt/Main, Guiollettstrasse 54, 6000 Frankfurt am Main 1. © The Financial Times Ltd, 1987.
FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.

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OVERSEAS NEWS

Sri Lankan troops step up attacks on Tamil strongholds

BY JOHN ELLIOTT IN COLOMBO

SRI LANKAN armed forces have stepped up their attacks on Tamil extremist strongholds in the northern Jaffna peninsula, although it was not clear last night whether this was intended to be followed quickly by a bid to capture the city of Jaffna.

There has been fierce fighting during the past three days along Elephant Pass, a narrow strip of land which joins the mainland to the peninsulta, and at other points further north.

The government has reinforced its troops on the peninsula by ship and land in the past fortnight and there are now believed to be 6,000 army, navy and airforce personnel in position.

The city of Jaffna has been held by Tamil extremists for over two years. The Cabinet has been debating whether to launch an attack to recapture it and so remove the extremists' main stronghold.

But the government is worried about estimates that the battle could lead to between 2,000 and 10,000 Tamil civilian casualties, plus 500 to 1,000 deaths among government troops who belong to the island's majority Sinhala community.

The troop casualties could lead to a serious backlash from the Sinhala population. The government has also come under strong pressure from India not to endanger Tamil civilians.

However, there are signs that the hawks in the Cabinet are gaining the upper hand. Relations with India have also soured this week because of reports from Madras that cheques for 40m Indian rupees (£2m) had been handed to two extremist groups by the southern Indian state of Tamil Nadu.

There were complaints from Sri Lanka last week when the Rs 40m gift was announced as humanitarian aid for Jaffna residents hit by a five-month economic blockade mounted by government forces. But if cheques have been handed over, there appears to be nothing to stop the groups spending the money on armaments.

Sri Lanka yesterday lodged a complaint with the Indian High Commission in Colombo, and demanded an explanation.

Odds improve for bucket shop mafia

THEY'RE OFF! Sri Lanka has lifted a 25-year ban on horse race betting which had driven the one-billion rupee (£25m) industry underground.

With parliament last week revoking the Control on Racing Publications Act, introduced by Mrs Sirima Bandaranaike under pressure from the Buddhist clergy, Sri Lankans can now import race horses, and no longer will be driven to betting in illegal "bucket shops" on European racing.

A new company will be floated to replace the long-inactive Ceylon Turf Club which in British times enjoyed monopoly control over racing in the island. Horses will be imported from Australia, New Zealand and the Middle East.

With the ban on horse-race betting lifted Colombo is becoming the gambling capital of south-east Asia, reports Mervyn de Silva.

New Zealand experts have already been consulted on setting up a race course 10 miles from Colombo. Racing will also resume in Nuwara Eliya, the colonial Englishman's favourite hill resort and now the popular choice for holidays for the island's new rich.

Along with the flourishing bucket shop business, Colombo has emerged as the gambling centre of South-east Asia. Air-conditioned casinos such as Caesar's Palace, Gaylord Club, Atlanta, Capricorn, and attract a new class of tourist from India, Pakistan, Thailand, Singapore and Brunei where gambling is banned.

While the licencees are Sri Lankan, the casinos are managed mostly by Thais and Napalese. One American croupier, with a crooked arm, and looking like a left-over from a Bond movie, adds a touch of colour.

The casinos have "syndicate" connections. Big losers at Monte Carlo are given bonus vacations in Sri Lanka and $5,000 to spend or gamble. Big Sri Lankan losers win a holiday in Pattaya, Thailand. In view of exchange regulations, large winnings by lucky foreign gamblers are duly paid to them in their own country by devious means.

Sri Lanka's moral majority has lost a three-month battle against economics, modern communications, the finance minister, and the political influence of what the opposition parties call "the bucket shop Mafia."

An over-zealous Inspector General of Police, newly appointed, was goaded into raiding the main betting centres in the city by a vigorous press campaign in which pictures were published of a crowded bucket shop just a few hundred yards from police headquarters and the President's house. Over 300 people were arrested, only to be released after 48 hours. "Orders from the top," moaned the inspector general. "Funds for the party," yelled the opposition.

The opposition and the campaigning press were promptly joined by parent-teachers associations and the Buddhist monks.

The government's main worry was jobs. With over 3,000 betting shops in Colombo district alone, the business gives direct and indirect employment to more than 200,000. Eight daily racing newsheets have a combined circulation bigger than all the Sunday papers in English. An immediate beneficiary is one of the world's oldest newspapers, the Ceylon Observer, which received a special congratulatory message from Britain's Queen Elizabeth on its 150th anniversary last year. The Ceylon Observer was the punter's paper before nationalisation in 1973 made it part of the state-owned Lake House stable. Now heavily subsidised and free to print racing news, the paper can look forward to better times.

UK NEWS

Hazel Duffy reports on efforts to enlist assistance for developing a blighted inner-city area

How to tempt the City to prime Teesside's pump

"HARDLY A SOUL in the City knows where Teesside is; if they do, they are sure it's a bad place to be." The speaker was one of several hundred grey-suited businessmen who gathered in a Middlesbrough hotel this week to hear the outline plan for the new Teesside Development Corporation drawn up by Coopers & Lybrand, the consultancy firm, for the Department of the Environment.

Many of the towns around the mouth of the Tees display the inner-city decay described by the Royal Institute of British Architects in its report on inner cities this week as "one of the most serious crises confronting Britain."

The area's belief in manufacturing has not been shaken

Thousands of acres of derelict land border some of the worst housing estates in the country, where the effects of unemployment are reflected in social deprivation statistics that disclose a range of troubles from poor health to high crime rates.

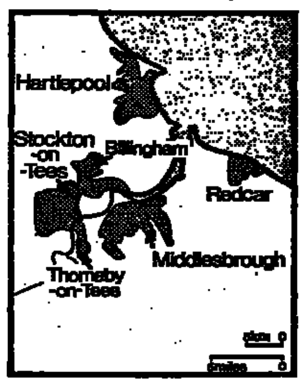
It is not much of an image to tempt outsiders into investing in the area. The attendance alone at the Middlesborough meeting desmonstrated the deep feeling of the business community as well as politicians, the churches, and community leaders that something must be done for the area.

Everybody agrees that something has to be done to involve public pump-priming. The hope is that the urban development corporation, which was designated by parliament just before the dissolution, can go some of the way.

But to date, government efforts to help Teesside — however welcome — show up many of the issues of lack of co-ordination and insufficient funds highlighted in the RIBA report.

Allocation by the Department of the Environment for the urban programme comes to just over £10m for the area this year. Added to that is European Community money, the efforts of one of the government-funded inner-city task forces and a government action team to co-ordinate the efforts of Whitehall departments in the area.

So far, however, none has made a significant impact on towns reeling from cuts and closures by all its larger employers—ICI, British Steel, Smith's Dock shipyard and the North Sea oil construction industry. Worse, the cuts are not yet over. While some areas in the north are just beginning to benefit from the upturn in the national economy, Teessiders wait almost resignedly to endure the expected further restructuring by ICI in bulk chemicals that will result in still more job losses.



Industrial change on Teesside has been short and sharp. Ten years ago, the chemicals and steel industries were expanding and the North Sea oil industry was in full swing. Perhaps that explains why the area's continued belief that manufacturing must be the main employer has not been shaken. In any case, there is no alternative. To expect a big expansion in service industry employment is unrealistic.

Mr John Scott, chairman of Stockton Council's planning and industrial development committee, and Labour candidate in Stockton South, said: "Our future must be manufacturing. We have not got the location to turn ourselves into a sub-regional centre, let alone a regional centre."

Not all industry is bad news in the area. Companies such as Marlborough Technical Management, started by two former chemicals managers and Chemoxy International, confirm that manufacturing ventures can flourish on Teeside. The polytechnic has nationally respected departments in computing as well as the engineering disciplines. The second phase of a centre for advanced manufacturing and design techniques set up by Cleveland County Council and English Estates is under way, only 18 months after start-up.

Many more ventures and companies, however, have to be encouraged if the industrial culture is to live on. The dereliction left by industry in decline has to be cleared up, and the image of Teesside must change. Many people hope that the development corporation will provide the impetus. But, to do its job, it must pull in private investment, which will more than match central government money. The financial institutions have to be tempted.

Coopers & Lybrand came up with the idea of "flagship projects." Some, like a proposed park for the food-processing industry and the renewal of the disused Shell refinery on Teesport, have a straight industry and jobs role. Others, like that to build a weir across the Tees and so improve the quality of the water in preparation for walkways and a marina and, more controversially, a huge nature reserve on the north bank of the Tees, are prime examples of the greening of the cities idea. They are an admission that industry will never occupy those acres again.

The greening of Teesside would also have the advantage of taking land off the market. The huge amounts of land with "for sale" notices are an unwanted advertisement of the fact that there is little demand, emphasising the dereliction.

Many towns show signs of serious inner-city decay

The biggest and most difficult project is the regeneration of Middlesbrough dock. The cost is an estimated £76m, half from government, put up front, and half to be followed up, it is hoped, by the private sector for investment in housing and commercial development. In the consultancy's opinion, it is essential to the future of Middlesbrough, and hence to Teesside.

So far, except in certain enterprise zones and retail developments, investors and developers have shown little interest in putting money into Britain's inner cities. A big retail project for the enterprise zone in Middlesbrough has been proposed by Cameron Hall Developments, which built the Metro centre in Gateshead. The proposal is sandwiched between competing Teesside local authorities, which, some say, has been a root cause of failure to find alternative activities in the area in the last few years. But it also shows the inadequacies of the current approaches by central and local government to finding activities to fill the land, restored at public expense, that will provide large-scale, long-term employment. Without jobs, the inner cities will become green deserts.

Economy 'to grow by 3% this year, then slow down'

BY RALPH ATKINS

BRITAIN'S ECONOMY will grow by more than 3 per cent this year but will slow down in 1988 and 1989, the Society of Business Economists predicts.

The society's forecasting group says buoyant consumer spending, boosted by increased real earnings and tax cuts, is the main reason for this year's strong growth.

Mr David Kern, chief economist at National Westminster Bank and group chairman, said: "Beyond 1987, UK growth will slow down although still matching the European average; but inflation is likely to rise a little."

In its latest forecast the group predicts that gross domestic product will grow at a real rate of 3.1 per cent in 1987, but fall to 2.8 per cent in 1988 and 2.2 per cent in 1989.

The higher rate of inflation will be caused by continuing high rates of growth in average earnings. The group predicts that by the fourth quarter of this year, inflation will have risen 4.3 per cent from the same period of 1986—ahead of official Treasury forecasts.

The retail price index is expected to rise by 5.4 per cent in the 12 months to the fourth quarter of 1988, and an annual average rate of 5.3 per cent is predicted for 1989.

The forecasters also warn of difficulties with overseas trade. "The recent rise in the sterling exchange rate and the greater buoyancy of UK domestic demand, compared with relative sluggishness in other major countries, involves risks for the balance of payments," said Mr Kern.

The trade balance will suffer because of diminishing oil revenues, and good performances by the financial sector and service industries will compensate only partly.

The group predicts a current-account deficit of £2.1bn in 1987, compared with £1.1bn in 1986, and further deterioration to £2.5bn in 1988 and £3.2bn in 1989.

Exports are expected to rise by 5.4 per cent in 1987, compared with 3 per cent in 1986. But the growth rate will fall to 3.4 per cent in 1988 and to 1.6 per cent in 1989.

Imports follow a similar pattern, rising 5.8 per cent in 1987 but only 2 per cent in 1989.

Investment in the economy—particularly in manufacturing industry — is expected to improve after a growth rate of 0.6 per cent in 1986. Growth rates of more than 3 per cent are predicted for this year and 1988, but the rate will fall in 1989.

Bank lifts Treasury bill sales

BY JANET BUSH

THE BANK OF ENGLAND announced yesterday that it had increased the amount of Treasury bills for sale at tender next week to £400m, the second successive week that the amount on offer has been increased.

On the previous Friday, the Bank said it would sell £250m worth of bills, compared with the usual £100m—the amount sold at weekly tenders since October 1981.

The action was taken to counteract the substantial influx of sterling into the banking system because of the Bank's large-scale intervention against the pound on foreign exchanges in recent weeks.

The sterling inflow has meant much smaller daily shortages in the domestic money market recently at a time when the authorities appear concerned not to allow interest rates to ease further.

To mop up excessive liquidity in the money market and so prevent market rates weakening, the Bank has been selling more bills, leaving its holdings of them at a historically low level.

Estimates suggest that the Bank's bill holdings may have fallen to about £3bn, compared with about £14bn in June 1985, when its stock of bills was commonly termed the "bill mountain."

The decision to increase the amount of Treasury bills on offer at the weekly tender during the last two weeks is clearly designed to bolster the Bank's holdings, allowing it enough leverage to keep control over day-to-day liquidity in the domestic money market and so exert its influence on the level of interest rates.

There is now a steep money-market interest-rate curve, with the short end still discounting a base rate cut to 8¼ per cent but the long end trading above current base rate levels. The rate on overnight money closed yesterday at 8 9/16 per cent, while one-year money was at 9¼ per cent.

Deadline for PCW plan extended

By Clive Wolman

THE COUNCIL of Lloyd's insurance market yesterday announced a three-week extension, to June 19, of the deadline for acceptance of its plan for sharing the expected costs and liabilities arising from the PCW affair.

Lloyd's suggested net losses faced by the ill-fated PCW syndicates were likely to rise by up to £180m because of disputes over reinsurance claims. A £40m increase is considered the most reasonable estimate.

Those names, that is members of the syndicates, accepting the rescue plan will have to pay by July 10 if they wish to continue as underwriting members of Lloyd's. A further delay may be accepted from other members, particularly in hardship cases.

However, Lloyd's, in the substance of its plan, has refused to make concessions to the names. In particular, it has refused to make adjustments to benefit the US-based names, to compensate for the dollar's recent fall against sterling.

The postponement is confirmed in a letter from Mr Peter Miller, Lloyd's chairman. It follows a protest meeting a week ago of 350 of the names who would have to pay most under the proposals. They face bills of up to £200,000.

About 1,500 members of the PCW underwriting syndicates were victims of a £40m fraud and of incompetent underwriting between 1979-82, which have led to total net losses so far of £235m.

Under the plan they would be obliged to pay £35m. Another £45m would be paid by Lloyd's itself and £55m would be paid by Lloyd's brokers involved, in particular Minet Holdings. Any further increase in the losses would be borne by Lloyd's.

Lloyd's has said it might not implement the plan if it were agreed by less than 90 per cent of the names involved. However, Mr Miller yesterday confirmed that the council would consider accepting a lower figure.

Tandem to develop production

By Terry Dodsworth

TANDEM, the fastest-growing US-based computer group, is launching an expansion programme in the UK market for integrated manufacturing systems. It aims to develop in the manufacturing field, to diversify activities in Britain where it is better known for financial-services market products.

In the US, about 21 per cent of its business is in the manufacturing sector compared with 32 per cent in finance.

Tandem, to strengthen its product line for the manufacturing drive, has just agreed with Management Systems and Consultancy, the software subsidiary of the British Steel Corporation's Tubes Division, that Management Systems will provide the computer group with three software products.

They are a shopfloor materials tracking system, a package for labour attendance and a control programme to allow rugged shopfloor terminals to link with the Tandem system.

Tandem, which employs 270 people in the UK, has made a strong impact in the British financial sector because its computers work on a parallel processing system that gives instant backup to any part that breaks down.

That has given the machines a strong appeal in businesses that need to operate 24 hours a day while processing transections instantaneously.

Similar features are required in some areas of computer-controlled production processes where information has to be switched constantly between machines. Up to now, however, Tandem has made only a small impact on the UK factory automation market, in spite of strong sales in the sector in West Germany, its second-largest market in Europe.

Tandem is expecting European sales to amount to about $350m (£208.4m) this year out of total turnover of £1bn. The company says it will generate about $100m of turnover in the UK and another $80m in West Germany, where it has located its manufacturing plant for the whole of Western Europe.

LME completes second test on trading system

BY STEFAN WAGSTYL

THE LONDON Metal Exchange yesterday completed the second test run of the modernised trading system it will bring into operation next Friday.

Mr Philip Robinson, the executive responsible for the trial, said the run had been a success. Although there had been some difficulties, "basically it went well."

The metal exchange is replacing its century-old principal-to-principal market with a system whereby a clearing house acts as intermediary in trades, as happens in most other futures markets. The clearing system is being operated by the International Commodities Clearing House.

Mr Robinson, LME project manager of ICCH, said computers controlling the network failed four times, with the longest break being 25 minutes. However, the breakdowns caused no serious difficulties for the trading companies filing data into the system.

Some traders complained that the terminals on which they had to input data responded too slowly. But most were satisfied that they would be able to cope when the system went "live" on Friday.

Trading companies that already trade on cleared markets, such as the London Commodity Exchange, were particularly confident. A few reported difficulties with traders, clerks and settlement staff not knowing exactly what to do.

ICCH intends to clear yesterday's trades over the weekend and report net positions to traders on Tuesday.

Plysu's Buckinghamshire plant to create 100 jobs

BY TONY JACKSON

PLYSU, the fast-growing plastic-bottle maker, is to create 100 jobs at a new £5m plant at Newport Pagnell, Bucks. The plant will make multiple-layer plastic bottles for the pesticide market. That is a departure for the company, the existing business of which consists of plain polyethylene bottles, mostly for milk and fruit juice.

The company said the new bottles, developed over two years, had a layer of nylon sandwiched between polythene and could therefore be used for solvent-based pesticides that would otherwise be packed in tins.

It said one company had ordered 1.3m containers, worth about £750,000.

The plant will continue the rapid expansion of Plysu's factory space, adding a total 180,000 sq ft. In the past year the company has added a similar amount through expanding its plant at Milton Keynes and buying another site at Rochdale, Lancs. Plysu said the plant would be built in three blocks. The first 60,000 sq ft section would be ready by January.

BBC merges operations

BY RALPH ATKINS

THE BBC has appointed Mr John Drummond to a new post merging control of Radio 3 and BBC music.

Mr Drummond, 52, currently controller of BBC music, is a former director of the Edinburgh international festival. His new job was created after a recent review of operations by the BBC.

The present controller of Radio 3, Mr Ian McIntyre, who was a candidate for the post, is expected to hold talks next week with Mr Brian Wenham, managing director of the BBC, about another role at the corporation.

Mr Drummond, who is on holiday in Italy, said: "Radio 3 has long been the BBC's most singleminded contribution to the cultural life of the UK. We shall keep it that way."

Shell to stop fuel for RUC

By Hugh Carnegy in Dublin

SHELL HAS stopped supplying fuel to the Royal Ulster Constabulary, in the Londonderry area of Northern Ireland, because the Irish Republican Army issued death threats to its management in the past week.

The company has withdrawn supplies after a telephone call, that threatened Shell managers in Londonderry. The company was in no doubt that the call was genuine. It has received similar threats before, but considered the latest to be the most serious, making protection of personnel almost impossible.

It is understood that other security force contracts in the province will still be honoured by Shell. The company employs just over 100 people in Northern Ireland, mainly in Belfast and Londonderry, in marketing and distribution.

The IRA has a long-standing policy of threatening individuals and companies that work for the security forces and has killed several building contractors and other businessmen in the past 18 months. Building work on a number of RUC stations—some of them damaged in IRA attacks—was seriously held up last year because of IRA threats.

The RUC declined to comment on the Shell move.

At the peak of a wave of threats last summer, some small local companies, such as drink and food suppliers, pulled out of security-force contracts.

Companies that continue to work for the police and army usually take elaborate security measures, such as removing all company logos from their vehicles and constantly altering the routes they travel.

Employers 'must push own pensions more'

BY ERIC SHORT

EMPLOYERS WILL have to promote their pension schemes for employees considerably harder from now on.

That was the message for delegates on the second day of the annual conference of the National Association of Pension Funds, held in Birmingham.

Mr Hugh Edwards, pensions manager of Cadbury Schweppes, speaking about the choice of pension schemes under the Government's pensions reform, discussed his own experience of managing a pension scheme, which had been voluntary for several years.

He said employees had found the choice difficult. In future they would need sound advice from company representatives.

He thought that advice should come preferably from the personnel department, but admitted that the pension department would have to do the job, in practice.

Mr Edwards urged employers to be far more aggressive in promoting their schemes and not to be afraid of giving the company scheme a high profile.

Earlier, Mr Mike Pomery, a partner in the consulting actuarial firm of Bacon and Woodrow, had discussed the new-style personal pensions introduced by the 1986 Social Security Act and their possible effects on company pension schemes.

He showed that for men under 50, a personal scheme would pay a much better pension under normal circumstances than the State Earnings-Related Pension Scheme (Serps). However, he showed that personal pensions could not match a company scheme, unless the employer was prepared to make a substantial contribution to an employee's personal pension.

He referred to the impending competition between company schemes and personal pensions. He said the latter were sold aggressively.

He also warned companies that their schemes would all lose some younger employees. However, in general he thought the financial impact on company schemes would not be great.

Mr Pomery emphasised the need to sell company schemes and make them more attractive to younger employees. Companies should put particular emphasis on the protection aspects, should the employee die young and leave a family.

He also told the pension managers that company schemes might have to make a pension mortgage facility available. That was an aspect in which personal pensions would score over a company scheme at present.

Andrew Taylor on the need for auditors' regulators to join forces

Called to account for divisions

THE FOUR professional accountancy bodies that supervise Britain's auditors may have escaped the indignity of having a new regulatory body thrust upon them, but they have been left in no doubt as to Whitehall's irritation at their failure to establish a common approach to solve problems facing the profession.

The discussion paper published yesterday by the Trade and Industry Department makes clear that it expects to see closer co-operation between the Institute of Chartered Accountants in England and Wales, the corresponding national institutes for Scotland and Ireland, and the Chartered Association of Certified Accountants.

The department has rejected a proposal that a new-style general auditing council be imposed on the four professional bodies. However, in return it expects them "to provide more explicit assurance than at present of effective co-ordination, monitoring and enforcement of professional standards."

The suggestion for a general auditing council was made in a consultative paper published by the department last year. It set alarm bells ringing at the English and Welsh institute and some of the other professional bodies, which prize their independence jealously.

Mr Derek Boothman, the outgoing president of the English and Welsh institute warned earlier this year: "I think that if we do not do something, the indications are that the Government will do something for us."

The English and Welsh institute, the largest of the four professional bodies, has begun new moves in recent weeks to try to establish a new central body to develop common policies on key issues. These might include the regulation of the accountancy profession, educational standards and disciplinary matters.

'If we do not do something the indications are the Government will do something for us'

One option it says might be to create a federal structure, which would allow the institutions to maintain their separate identities but give up some of their sovereignty in certain areas.

As a first step, the institute plans to prepare a working paper, which will set out various options to centralise policy making. It will also seek discussions with some of the professional bodies.

It is in no doubt of the need for delicacy. It will not be easy to overcome the traditional rivalry and jealousy that exists between the professional bodies.

An attempt to merge the accountancy professional bodies in 1970 failed after members of the English and Welsh Institute voted against the proposals.

It is not only Whitehall that is pressing for changes in the way the professional bodies operate. Many of the large accountancy firms are also questioning the effectiveness of separate institutes, which speak separately on behalf of the profession.

Firms with a large staff can have partners and employees who are members of different professional bodies. Each may have a different message to get over to government. The Chartered Association of Certified Accountants, for example, welcomed the proposal for some kind of general auditing council.

The discussion paper leaves the present regulatory framework largely intact but makes clear that it will work only given closer co-operation between the different bodies.

Under the new rules, the Secretary of State will supervise the operations of the professional bodies that he authorises to regulate the auditing profession.

The department says: "We think that the Secretary of State might be able to discharge his responsibilities more effectively if the department could talk to the professional bodies and representatives of audit consumers collectively, rather than on an individual basis.

"Some form of co-ordination will certainly be required in relation to education and training so as to ensure that recognised UK qualifications are, and remain, of broadly uniform standard."

The proposals, which will be considered by government after the general election, are designed to bring Britain into line with the European Community's eighth directive, which plans to harmonise company law and procedures in the European Community.

That requires new legislation to be in place next year although the new rules will not be brought into operation until 1990.

Whitehall clearly expects the professional bodies to have got their respective acts together long before then.

Contract awarded for £36m Rover plant

BY JOHN GRIFFITHS

LAM-TECHNICON, a British subsidiary of Litton Industries, the US electronics and industrial products group, has won the £36m contract from Austin Rover to supply machining plant for its new K-series car engine range.

Mr Les Wharton, Austin Rover's managing director, said yesterday that construction of the facility, at the Longbridge plant where all Austin Rover's engine production is concentrated, is to start immediately. The engine is expected to go into production in mid-1989.

The factory will be sourced almost entirely in the UK, and should provide substantial work for West Midlands engineering component suppliers, according to Lam-Technicon, which is based at Mildenhall, Suffolk.

The plant will be used primarily for the machining of cylinder heads and blocks, bearing ladders and cam carriers.

The £200m programme to bring the K-series engine and transmission into production is a key element in Rover Group's corporate plan, approved by the Government in March.

The engine is to power the Metro replacement, due in 1989-90, and possibly some versions of the AR8 medium car being developed jointly by Austin Rover and Honda to replace the Maestro, Rover 200 and Honda Civic/Ballade.

Mr Wharton said the engine had already met its performance specifications. It had also proved itself able to comply with impending European Community exhaust emission standards without a catalyst, even in a medium-sized car application.

Despite the £166m operating loss made by Austin Rover last year, Mr Wharton said he remained "confident" about the company's future. He echoed the contention of Mr Graham Day, Rover Group's chairman, that 1986 would be seen as a "turning point" for the company. Finances aside, he said there was past "justifiable criticism of management for trying to outguess the customer." The company had tended to operate on the basis of what it felt people should buy, "not what people want to buy".

He refused to be drawn on when Austin Rover might return to profitability, but said Austin Rover's output of cars and light vans would reach nearly 500,000 this year, compared with 408,000 in 1986.

That would be justified partly by higher export demand, expected to reach 150,000 this year compared with 118,000 last year. He refused to predict what UK market share Austin Rover would achieve this year, but said: "I can't see why we should not at least maintain our penetration so far this year." Austin Rover had a 16.07 per cent share in the first four months of this year, compared with 15.58 for the whole of 1986.

Outlining details of scheduled output increases for the Montego, Mini, Metro and Rover models, he said the increases were "all solidly based and sustainable".

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Friday May 22 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Thurs May 21 Index No.	Wed May 20 Index No.	Tues May 19 Index No.	Year ago (approx.) Index No.	1987 High		1987 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (211)	907.71	—	7.48	2.92	16.88	9.07	907.32	913.49	928.13	722.26	928.13	19/5	696.73	2/1	928.13	19/5/87	50.71	13/12/74
2	Building Materials (27)	1152.64	−0.3	7.26	2.89	17.17	9.58	1156.43	1163.13	1178.27	881.70	1178.27	19/5	860.39	5/1	1178.27	19/5/87	44.27	11/12/74
3	Contracting, Construction (33)	1528.67	—	7.71	3.12	17.45	18.65	1529.84	1533.19	1549.76	1174.49	1549.76	19/5	1186.88	2/1	1549.76	19/5/87	71.48	2/12/74
4	Electricals (13)	2352.38	—	5.68	3.29	23.64	31.62	2352.22	2349.02	2370.85	1939.85	2370.85	19/5	1772.22	2/1	2370.85	19/5/87	84.71	25/6/62
5	Electronics (36)	2054.37	−0.3	7.53	2.13	17.41	12.80	2060.81	2075.80	2131.18	1668.12	2134.95	18/5	1543.77	2/1	2134.95	18/5/87	1229.61	8/10/85
6	Mechanical Engineering (59)	500.95	+0.3	8.25	3.45	15.45	7.85	499.26	502.98	510.74	410.91	510.74	19/5	393.85	2/1	510.74	19/5/87	45.43	5/1/75
8	Metals and Metal Forming (7)	499.28	+0.2	7.44	3.04	16.20	5.36	498.13	500.47	505.11	349.95	505.11	19/5	359.97	2/1	505.11	19/5/87	49.65	6/1/75
9	Motors (15)	335.34	+0.3	9.83	3.18	12.76	3.24	334.43	333.05	339.02	289.31	340.30	15/5	272.03	2/1	340.30	15/5/87	19.91	6/1/75
10	Other Industrial Materials (21)	1499.25	+0.6	6.58	3.29	18.37	18.43	1490.36	1512.05	1525.52	1306.33	1525.52	19/5	1179.19	2/1	1525.52	19/5/87	277.58	15/1/81
21	CONSUMER GROUP (185)	1262.85	+0.4	6.15	2.59	20.99	8.29	1257.48	1259.32	1276.54	987.91	1276.54	19/5	950.87	2/1	1276.54	19/5/87	61.41	13/12/74
22	Brewers and Distillers (22)	1167.66	+0.5	8.10	3.03	15.62	5.09	1161.40	1168.60	1192.71	952.53	1192.71	19/5	938.04	2/1	1192.71	19/5/87	69.47	13/12/74
25	Food Manufacturing (25)	958.61	+0.1	7.28	3.13	18.10	10.98	957.59	962.45	974.73	663.52	974.73	19/5	738.32	2/1	974.73	19/5/87	59.67	11/12/74
26	Food Retailing (15)	2319.44	+0.1	5.74	2.48	23.80	11.45	2316.41	2314.57	2336.03	1880.17	2390.82	15/5	1882.88	2/1	2390.82	15/5/87	54.25	11/12/74
27	Health and Household Products (10)	2388.76	+1.5	4.12	1.63	28.44	8.73	2353.56	2362.81	2394.57	1521.85	2404.02	25/2	1645.70	2/1	2404.02	25/2/87	175.38	28/5/80
29	Leisure (31)	1311.86	+0.9	5.89	3.24	22.36	14.64	1300.62	1309.61	1326.23	869.69	1326.23	19/5	986.35	2/1	1326.23	19/5/87	54.83	9/1/75
31	Packaging & Paper (15)	653.00	−0.3	6.02	2.53	21.65	4.97	654.66	656.61	662.63	455.47	662.63	19/5	491.50	2/1	662.63	19/5/87	43.46	6/1/75
32	Publishing & Printing (14)	3692.43	+0.7	6.15	3.06	21.14	33.22	3668.38	3679.06	3706.21	2347.48	3762.88	13/5	2715.49	2/1	3762.88	13/5/87	55.08	6/1/75
34	Stores (37)	1113.65	−0.3	6.08	2.53	22.74	6.56	1117.13	1108.65	1127.80	884.41	1127.80	19/5	835.17	2/1	1127.80	19/5/87	52.63	6/1/75
35	Textiles (16)	752.18	+0.2	7.72	2.73	14.92	5.63	750.49	752.41	755.31	538.57	755.31	19/5	541.39	2/1	755.31	19/5/87	62.66	11/12/74
40	OTHER GROUPS (87)	1056.19	+0.4	7.74	3.17	16.29	8.19	1051.86	1063.42	1081.29	796.77	1081.29	19/5	815.89	5/1	1081.29	19/5/87	58.63	6/1/75
41	Agencies (17)	1472.41	+0.5	4.83	1.69	27.76	8.06	1465.10	1468.59	1480.99	0.0	1480.99	19/5	1111.16	2/1	1480.99	19/5/87	1111.16	2/1/87
42	Chemicals (21)	1285.36	+0.1	7.60	3.40	16.14	18.71	1283.94	1295.83	1318.44	869.40	1325.88	11/5	1002.01	2/1	1325.88	11/5/87	71.20	1/12/74
43	Conglomerates (11)	1329.66	+0.4	6.67	3.21	17.70	7.75	1324.40	1333.12	1344.55	0.0	1344.95	15/5	1112.14	2/1	1344.95	15/5/87	1112.14	2/1/87
45	Shipping and Transport (11)	2166.52	+1.2	7.25	3.66	17.30	29.84	2141.26	2163.85	2196.26	1574.60	2196.26	19/5	1567.77	2/1	2196.26	19/5/87	90.80	29/6/62
47	Telephone Networks (2)	1157.28	−0.1	8.22	3.30	16.58	1.89	1158.40	1160.45	1187.24	924.55	1187.97	11/5	837.18	5/1	1187.97	11/5/87	517.92	30/11/84
48	Miscellaneous (25)	1409.19	+1.2	9.34	3.11	12.82	17.56	1392.75	1402.28	1425.75	1021.59	1425.75	19/5	1103.37	5/1	1425.75	19/5/87	60.39	6/7/75
49	INDUSTRIAL GROUP (483)	1127.43	+0.3	6.91	2.83	18.43	8.72	1123.76	1129.81	1146.88	842.18	1146.88	19/5	860.46	2/1	1146.88	19/5/87	59.01	13/12/74
51	Oil & Gas (17)	2076.00	+2.6	5.53	4.45	23.42	37.06	2024.36	2048.76	2099.87	1219.28	2118.84	14/5	1505.69	5/1	2118.84	14/5/87	87.23	29/5/62
59	500 SHARE INDEX (500)	1207.85	+0.7	6.71	3.07	19.03	11.20	1200.84	1207.47	1227.66	875.58	1227.66	19/5	915.61	2/1	1227.66	19/5/87	63.49	13/12/74
61	FINANCIAL GROUP (117)	747.42	+0.1	—	3.91	—	11.06	746.89	753.43	765.75	591.43	765.75	19/5	615.75	2/1	765.75	19/5/87	55.88	13/12/74
62	Banks (8)	787.46	+0.5	17.96	4.75	7.36	15.49	783.63	799.36	827.53	624.68	827.53	19/5	605.07	14/4	827.53	19/5/87	62.44	12/12/74
65	Insurance (Life) (9)	1017.86	—	—	4.14	—	20.71	1017.36	1030.35	1041.17	818.48	1041.17	19/5	869.23	2/1	1041.17	19/5/87	44.88	2/1/75
66	Insurance (Composite) (7)	556.57	−0.8	—	4.40	—	11.76	560.94	562.81	565.11	488.02	571.05	2/3	456.52	2/1	571.05	2/3/87	43.96	13/12/74
67	Insurance (Brokers) (9)	1184.73	−0.9	9.11	4.55	14.10	22.64	1195.69	1196.28	1204.78	1186.57	1238.94	13/5	1089.71	14/4	1315.27	12/2/86	65.86	16/12/74
68	Merchant Banks (11)	389.88	—	—	3.24	—	2.91	390.80	390.60	395.75	349.24	395.75	19/5	345.85	2/1	395.75	19/5/87	31.21	7/1/75
69	Property (46)	1138.19	+0.3	4.03	2.56	32.82	4.36	1135.33	1138.58	1148.99	761.31	1148.99	19/5	805.82	5/1	1148.99	19/5/87	56.01	20/4/65
70	Other Financial (27)	482.25	+0.3	6.85	3.22	18.59	3.25	481.01	479.74	482.28	342.58	482.28	19/5	365.01	2/1	482.28	19/5/87	33.29	17/12/74
71	Investment Trusts (94)	995.12	−0.1	—	2.35	—	6.68	996.15	993.67	1004.31	742.10	1009.71	14/5	867.57	2/1	1009.71	14/5/87	71.12	13/12/74
81	Mining Finance (2)	539.41	−0.9	5.67	3.88	20.74	6.79	544.37	558.62	548.65	284.66	558.62	20/5	341.86	2/1	558.62	20/5/87	66.31	30/9/74
91	Overseas Traders (11)	1050.27	+0.7	8.45	4.29	14.19	14.27	1043.20	1042.89	1047.46	700.42	1050.27	22/5	778.26	2/1	1050.27	22/5/87	97.37	6/1/75
99	ALL-SHARE INDEX (724)	1084.45	+0.5	—	3.18	—	10.93	1078.92	1086.05	1103.10	793.73	1103.10	19/5	835.48	2/1	1103.10	19/5/87	61.92	13/12/74
		Index No.	Day's Change	Day's High	Day's Low	May 21	May 20	May 19	May 18	May 15	Year ago								
	FT-SE 100 SHARE INDEX ♦	2167.5	+13.8	2175.6	2163.9	2153.7	2174.0	2214.3	2192.1	2189.7	1617.4	2214.3	19/5	1970.1	14/1	2214.3	19/5/87	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri May 22	Day's change %	Thurs May 21	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	124.73	−0.07	124.81	—	4.38
2	5-15 years	145.38	−0.24	145.73	—	5.83
3	Over 15 years	155.15	−0.41	155.78	—	5.16
4	Irredeemables	168.58	−0.14	168.83	—	6.67
5	All stocks	141.25	−0.22	141.57	—	4.88
	Index-Linked					
6	5 years	122.99	−0.22	123.27	—	0.83
7	Over 5 years	119.21	−0.21	119.46	—	1.17
8	All stocks	119.32	−0.21	119.58	—	1.13
9	Debentures & Loans	125.73	+0.05	125.36	—	3.79
10	Preference	87.90	−0.67	88.49	—	2.77

	AVERAGE GROSS REDEMPTION YIELDS		Fri May 22	Thurs May 21	Year ago (approx.)	1987 Highs		1987 Lows	
	British Government								
1	Low	5 years	7.78	7.72	7.58	9.78	2/1	7.52	11/5
2	Coupons	15 years	8.78	8.73	8.70	10.88	2/1	8.53	8/5
3		25 years	8.80	8.74	8.72	10.86	2/1	8.55	8/5
4	Medium	5 years	8.84	8.77	8.84	10.80	2/1	8.39	8/5
5	Coupons	15 years	9.01	8.95	9.01	10.39	2/1	8.74	8/5
6		25 years	9.02	8.96	9.03	10.18	2/1	8.75	8/5
7	High	5 years	9.00	8.94	8.96	10.84	2/1	8.58	8/5
8	Coupons	15 years	9.13	9.08	9.15	10.57	2/1	8.86	8/5
9		25 years	8.96	8.91	9.11	10.24	2/1	8.72	8/5
10	Irredeemables†		8.84	8.82	8.64	10.06	2/1	8.67	8/5
	Index-Linked								
11	Inflat'n rate 5%	5 yrs	2.25	2.16	3.51	3.95	2/1	2.93	20/5
12	Inflat'n rate 5%	Over 5 yrs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13	Inflat'n rate 10%	5 yrs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14	Inflat'n rate 10%	Over 5 yrs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
15	Debs & Loans	5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16		15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17		25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
18	Preference		10.30	10.30	10.23	10.75	[illegible]	[illegible]	[illegible]

♦ Opening index 2166.7; 10 am 2170.6; 11 am 2170.4; Noon 2172.5; 1 pm 2171.3; 2 pm 2174.6; 3 pm 2175.1; 3.30 pm 2169.5; 4 pm 2168.5.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/04/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/04/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs. & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 32p. CONSTITUENT CHANGES: Hillards (26) has been deleted and replaced by European Home Products (34). NAME CHANGE: Anglo American Securities Corporation has become Anglo & Overseas Investment Trust (71).

UK NEWS – THE GENERAL ELECTION

Younger denies attack on Alliance is 'dirty smear'

BY IVOR OWEN

NUCLEAR WEAPONS policy again dominated the election campaign yesterday with Mr George Younger, the Defence Secretary, adding his authority to the claim that "only the Conservative Party can be trusted to maintain the policies which have kept the peace."

With feigned Olympian detachment from the rough and tumble of the hustings he denied that the assertion in the party's manifesto that the Liberal-SDP Alliance and Labour are fellow travellers along the same unilateralist non-nuclear path was a "dirty smear."

It is this charge which has particularly angered Dr David Owen, the SDP leader, who argues it is equivalent to saying "one is in bed with the Soviet Union."

Mr Younger insisted that the manifesto merely made the point that Labour and the Alliance were both pursuing policies which would result in Britain being deprived of an effective nuclear deterrent.

With Mrs Margaret Thatcher, the Prime Minister, looking on approvingly he refused to accept Dr Owen's view that a non-ballistic missile such as the Tomahawk could provide Britain with an effective minimum nuclear deterrent.

At the same time he refused to disclose whether his judgment on this aspect of the nuclear weapons controversy was shared by the Chiefs of the Defence Staff.

Mr Younger said it would not be appropriate to "bring the Chiefs of Staff, as such, into an election campaign."

Earlier at the Alliance press conference, Dr Owen again kept its nuclear options open and refused to rule out the possibility that, if it were part of a Conservative-dominated coalition, a trimmed-down version of the Trident would prove to be a satisfactory compromise in providing an acceptable minimum nuclear deterrent.

He joined Mr David Steel, the Liberal leader, in reaffirming that if the Alliance were able to form a Government in its own right Trident would be cancelled because, in its present form, a nuclear weapons system of such excessive power and expense could not be justified.

Mr Steel, who, unlike Dr Owen, has to contend with a potentially troublesome unilateralist element in his own party, sought to counter suggestions that the nuclear issue could split the Alliance.

He acknowledged that in the event of the Alliance participating in a coalition all issues set out in its manifesto would be open to "some discussion" but maintained that the election could not be conducted on the basis that the position on every possible issue should be set out in advance of negotiations between the political parties involved.

Both Dr Owen and Mr Steel repeated that they would be prepared to "listen to advice on systems from the Chiefs of Staff" and Dr Owen, drawing on his ministerial experience, emphasised that such advice was offered only within the framework laid down by ministers.

In the past the political criteria had been that Britain's nuclear deterrent should have the capacity to demolish Moscow and this necessitated a ballistic system.

Dr Owen said the Alliance did not believe that the so-called "Moscow criteria" was needed to provide an acceptable minimum deterrent.

Mr Younger told the Conservative election press conference that the Trident programme was well advanced with nearly a third of the expenditure already committed.

He said the policies advocated by both Labour and the Alliance would have the same result—Britain would be left without an effective nuclear deterrent.

Harvey Thomas: the director

Ashley Ashwood

Kinnock takes to the hills

By Michael Cassell, Political Correspondent

MR NEIL KINNOCK went on safari yesterday to hunt for votes.

Given that the expedition drove deep into his Welsh constituency of Islwyn, just a few miles from the Labour leader's Tredegar birthplace, the territory rarely proved hostile. Even so, he clearly had one eye on some of the 8,000 fleet-footed Alliance voters who strayed away from Labour's camp in 1983.

Mr Kinnock's presidential style procession in rough terrain trucks began the day when he opened Sirhowy Valley country park.

Country parks are not to be confused with wildlife parks. The best are green and pleasant but there are few animals to see. Yesterday, however, there was one black and white collie (Welsh), three chickens (Welsh) and about 75 journalists whose pedigrees are uncertain and whose behavioural patterns proved highly unpredictable.

On his way up a mountainside decked in Tory bluebells there were one or two memorable sightings, most notably an ITN camera crew falling out of a tree.

There were some pandas, though they were confined to badges that the smiling White Hunter presented to cubs from the First Cwmfelinfach Pack for their conservation work.

In one of the few gaffes of his campaign so far, the former Senior Sixer asked if they were "tenderfoot" rank and was politely informed it had now been abolished. He also had a spot of bother remembering whether the Cub salute employed two or three fingers, but settled safely for three.

The convoy temporarily encircled the Penllwyn Arms encampment for lunch before struggling on to Twyn Gwyn farm, a popular watering hole for mountain ewes and cab horses.

Last night Mr Kinnock returned to his local base to have dinner round the fire with a visiting delegation from the People's Government of Guangxi Zhuangzu, an autonomous region in the People's Republic of China.

The Chinese meal formed the social preliminary to plans for joint co-operation between Gwent and Guangxi.

Proposals for pig breeding are on the agenda. A People's Party panda swap could be next.

Alan Harper

Bryan Gould (left) wit hDavid Clark at the environment press conference

Labour unveils beach clean-up plan

BY LISA WOOD

A PLEDGE to launch a programme to clean up Britain's beaches was given yesterday by Dr David Clark, Labour spokesman on the environment.

Dr Clark, announcing a nine-point plan for Britain's countryside and beaches, said: "Labour believes it is not only right and essential to have a major environmental programme but it is also a source of many jobs." He said Labour would "clean up and green up" Britain.

The Labour Party cited recent tests which showed that 140 of Britain's beaches were not safe enough for swimming or clean enough to sit on.

Dr Clark said authorities trying to clean up beaches, under European Community regulations, faced government financial restrictions. A Labour government, he said, would allow greater borrowing facilities within a planned programme to tackle the problem.

He said the initiative would cost hundreds of millions of pounds but a programme had to be laid out.

On the disposal of nuclear waste Dr Clark sought to avoid the controversy over the Government's recently abandoned plan to put low-level nuclear waste in shallow trenches at one of four possible sites.

He said a Labour government would bring together a team of experts to review strategy and make recommendations. Dr Clark said: "I do not foresee a Labour government wishing to use one of these four sites but we would be guided by our experts."

Other Labour proposals include the creation of a Ministry of Environmental Protection with two national agencies, the Wildlife and Countryside Service and the Environmental Protection Service reporting to it.

Thatcher's warning in the north

By John Hunt

MRS THATCHER started her national electioneering tour yesterday by visiting highly marginal constituencies in the suburbs of Manchester and issuing a strong warning to her followers of the dangers of the Labour Party gaining power "by inadvertence or default."

Her carefully chosen words were seen as an attempt to stop Tory votes drifting across to the Alliance at a time when Labour has been showing an improvement in the opinion polls.

Mrs Thatcher was speaking to a group of enthusiastic supporters in Hazel Grove where Mr Tom Arnold, who is again the Conservative candidate, has a majority of only 2,022 over the Alliance in the 1983 election.

As she spoke on the forecourt of the local Conservative club, the Prime Minister met her first hostile demonstration as a rowdy group chanted slogans and waved placards.

She said it was vital to get the message across to the electorate that the Conservative Party was the only one to vote for if the policies of economic growth and strong defences were to continue.

"Anyone who doesn't vote that way may in fact risk getting Socialism in by inadvertence or default. That is the message for everyone."

On the campaign aircraft flying to Manchester, Mrs Thatcher told the media that she was "so glad to be on the campaign trail again."

At Manchester Airport there was a free-for-all as she ploughed her way through the packed reception lounge shaking hands with well-wishers but also being greeted with some booing.

Visits to factories gave Mrs Thatcher the opportunity to gaze at electrical circuits and VDU screens and enthuse about the benefits of high technology and the entrepreneurial spirit. But, as in the last general election campaign, this programme was laid on almost entirely for the benefit of the television cameras to provide pictures for the evening audience.

Later, in the Bury North constituency, the Prime Minister appeared at an unscheduled meeting of supporters in a farmer's field overlooked by a memorial on a nearby hillside to one of her great 19th century Tory heroes, Sir Robert Peel, who was once MP for the area.

With characteristic modesty she told the gathering: "Ever since we arrived in Manchester this morning there have been welcoming crowds saying 'Well done, Maggie, go on'."

Jelly bean kid who masterminds the Thatcher show

John Hunt profiles the man behind the Tory campaign

A TALL, burly figure could be seen shouldering his way through the scrum of photographers, television cameramen and the world's journalists at this week's launching of the Conservative Party manifesto at Tory Central Office.

A few words of direction into his portable telephone and the curtain went up on the party's 1987 election production with Mrs Thatcher in the starring role.

Mr Harvey Thomas, the Conservatives' ebullient director of presentation and promotion, was well satisfied with this opening scene even though he admits that the stage set was a bit overcrowded.

"I am the front man," he declared, beaming through his thick spectacles. "Wherever Mrs Thatcher goes, I go before her. You could call me the producer."

Mr Thomas learned his craft on the other side of the Atlantic organising the crusades for Billy Graham, the evangelist. He is unrepentant about the evangelical style that he has brought to Mrs Thatcher's election rallies though he denies trying to turn it into a presidential-style campaign.

It is evangelical, he explains, not in the Christian sense but in the sense of being a political crusade to roll back socialism.

Mr Thomas, aged 48, a self-proclaimed born-again Christian, is a fervent Baptist who prays with his family every day. He sees no conflict between his religious beliefs and his commitment to Mrs Thatcher's brand of conservatism.

"I believe therefore I am enthusiastic," he declares.

After his work with Billy Graham in America he returned to Britain and set up his own public relations consultancy. After doing some work for the Conservatives he was appointed director of communications at Central Office and moved to his present post last August.

A non-drinker and non-smoker, he created something of a stir when he first moved into the Conservative bastion at Smith Square. A bible was placed on his desk, a no smoking sign went up and the drinks cabinet was moved out. Soft drinks and coffee were the order of the day and he surprised his staff by presenting them with jars of jelly beans, thus earning himself the title of "the jelly bean kid."

In 1984 he was trapped in the rubble at the Grand Hotel, Brighton, when the IRA bomb exploded. A few weeks later his German-born wife Marlies gave birth to their first daughter Leah. He now has a second daughter, Lani, born last August.

A man of volcanic energy, he rises at 5.30 am during the election campaign and leaves home about 6.30. Even at that early hour he steals into his daughter's bedroom to pray before departing. He attends the morning staff conference with Mrs Thatcher and usually returns home between 11 pm and midnight.

Apart from organising the presentation of press conferences and rallies, he oversees Mrs Thatcher's television interviews. In the 1983 election campaign he was responsible for the hundreds of little Union Jacks that were placed on chairs for the party faithful to wave at Mrs Thatcher's rallies.

He also had a hand in the final campaign rally at Wembley when a galaxy of showbusiness personalities starred at an event that had all the hallmarks of a US presidential convention.

On that occasion, comedian Kenny Everett went over the top with his cry of "Let's nuke the Russians." Mr Thomas has no regrets about that event. After all, he says, Kenny Everett is a self-styled crazy comedian so you expect him to do crazy things.

He believes that campaigns should be fun but admits that it is sometimes difficult to strike the right balnce between "flashiness" and the serious business of putting the party's message across. He says he does not wish to degrade politics by making fun of them: "We just have fun proclaiming our politics."

Mr Thomas says television is of prime importance in putting across that message simply and quickly. Nevertheless, he emphasises that the press has an important part to play when a growing and sophisticated section of the electorate want to read about the issues in greater detail.

He promises several innovations during the present campaign but is keeping quiet about them. One new scheme is the establishment of a team of 25 highly motivated volunteers to act as a vanguard always moving ahead of Mrs Thatcher and clearing difficulties from her path. They include solicitors, barristers, a textile designer and assorted business executives.

Unlike many of his kind he says he has no political ambitions: "I am not a politician nor do I want to be a politician. I don't want to be elected to Parliament but I believe in the cause."

Community charge could be key issue

BY DAVID BRINDLE

CANVASSERS FOR all the political parties will this weekend be finding one thing in common on the doorstep: that the electoral register is always incomplete and out of date, sometimes wildly so.

The inevitable inaccuracy of any register of the population is one of the many criticisms levelled at the Government's plans to legislate in the first session of a new parliament to abolish domestic rates and introduce instead a community charge or poll tax.

The issue has the potential to become a key one in the campaign. But there is little evidence so far of the opposition parties making much mileage out of its complexities, even in Scotland where a community charge is due to apply from April 1989 under legislation already through Parliament.

A brief flurry of interest yesterday followed a report that the Tories were making a "surprise about-turn" by exempting the worst-off from the original proposal that every adult should pay at least 20 per cent of the community charge.

In fact, this had been announced a week previously. Mr Norman Fowler, Social Services Secretary, had declared that Income Support—the scheme due to replace supplementary benefit in April 1988—would be uprated to compensate for the average minimum community charge payment.

This concession has in itself prompted further criticism of the poll tax plans. The SDP/Liberal Alliance said yesterday the overall effect now resembled "a dog's dinner"; Labour said the less well-off would still suffer because they would have to pay the minimum 20 per cent of their local charge and would receive compensation based on a national average of all charges.

Mr John Cunningham, Labour's environment spokesman, said: "If the Tories are *genuine about caring for the* less well-off in our community, why don't they exempt them entirely from having to pay this tax?"

The poll tax (described as such by Mrs Thatcher earlier this month) is intended to iron out anomalies of the rating system. A register of adults would be drawn up and each would be charged the same sum to pay for local services, thus ending the practice of a household with, say, four adults paying the same rates as a single-occupier next door.

Labour estimates that Mr and Mrs Thatcher would each pay £568 (a total £1,136) for their newly-acquired residence in Dulwich, as opposed to current annual rates of about £3,067.

Non-domestic rates would meanwhile be replaced by a uniform charge set and collected centrally by the Government. This would have the effect of leaving local authorities with income equivalent to only about 25 per cent of expenditure, thus further exposing high-spending *councils*.

It is this aspect of the poll-tax plans that has given rise to suggestions that the main thrust of the scheme is to curb the high-spenders, block-grant penalties and rate-capping having failed to do so.

Indeed, the Government itself in 1983 rejected the idea of a poll tax. The White Paper of that year on rating reform concluded that such a flat-rate levy would be hard to enforce, expensive to run and over-complicated.

While the Government may have changed its mind on these criticisms, other bodies have not: the Chartered Institute of Public Finance and Accountability, for example, says that as much as 20 per cent of poll-tax revenue would go uncollected (compared to 1 per cent of rate income) and that administration costs would be at least doubled.

With the Tories able to claim that they are "scrapping the rates," however, such relatively esoteric criticisms may prove *hard for the opposition parties* to convey.

Steel drops in on Hillhead colleague

By Philip Rawstorne

Mr David Steel, the Liberal leader, yesterday dropped in on Alliance founder and defender of Glasgow Hillhead Mr Roy Jenkins. So did 30 reporters, 15 photographers and three television crews.

Engulfed by this tidal bore the two politicians were swept back into the office from which the politely beaming Mr Jenkins had just emerged. They were then pinned in a corner for some political probing.

Mr Steel deplored the trivialisation of the campaign. The interests of 3m unemployed were forgotten, while Labour and Tories argued about what Mr Tebbit had said or had not said. Mrs Thatcher's smears on the Alliance as unilateralists did a disservice to the serious issues that should be debated.

Mr Jenkins gave a modest assessment of his prospects. "I never predict elections before they take place and I always think 'confident' is rather a foolish word to use.

The two politicians then went out for a walkabout. Mr Steel commanded: "Bring me some constituents" and four or five were eventually dragged through the media ring to shake hands.

One young woman asked Mr Steel whether he and Dr David Owen, were rivals or good friends. "We are having a wonderful time in this campaign." Mr Steel replied non-committally. If they won the election all that would change, the young woman declared. "Why should it?" said Mr Steel "we would have had success."

Owen links social deprivation and crime

BY IVOR OWEN

GOVERNMENT attempts to minimise the correlation between unemployment and social deprivation and the mounting crime wave were denounced by Dr David Owen, SDP leader, when he campaigned in Harrogate

He maintained that growing homelessness, long-term youth unemployment and the bed-and-breakfast regimes "in which many young people are constantly moved along like tramps" created breeding grounds for delinquency and

Eairlier at the Alliance election press conference in London, Mrs Shirley Williams, the SDP president, displayed an assortment of weapons, including flick knives and a menacing scythe with a ball and chain attached, which she complained violence.

were freely available and could be used by criminals to rob and rape.

After appealing in vain to Dr Owen and Mr David Steel, the Liberal leader, for assistance in exposing the blade of a flick knife, she commented amid laughter: "They are both pretending that they can't."

Mrs Williams also attacked Labour's proposals to put police operations under direct political control

Libel damages for Steel from Star newspaper

FINANCIAL TIMES REPORTER

MR DAVID STEEL, the Liberal leader, and Mrs Elspeth Campbell, the wife of a Scottish barrister, yesterday accepted a public apology, their legal costs and "very substantial" undisclosed damages in settlement of libel actions against the Star newspaper.

Counsel for Mr Steel and Mrs Campbell, said the allegations in a Star story on May "were in reality no more than ill-founded and malicious gossip and rumour which had apparently originated among members of the press attending the Scottish Conservative Party conference in Perth."

Pencil and paper still plays role in computerised campaigns

Alan Cane on unfamiliar weapons in the electoral machines

IT IS late evening at Labour headquarters in Hampstead and Highgate constituency in London, a Tory marginal. The volunteer canvassers return looking more cheerful than the opinion polls suggest they should, handing their heavily scored cards to Rosemary Rice, the Highgate ward election agent.

Mr Gary Redhead, constituency election agent, hovers over the telephone. Everything seems traditional and familiar. The exception is the IBM portable computer on which Oliver Rice, Rosemary's 13-year old son, is entering the canvass returns with the dexterity which seems to come naturally to the computer-literate young.

This picture is being repeated across the country as, for the first time in a general election, the major parties in Britain exploit the potential of computer technology in a big way to help them raise funds, identify their supporters and bring their vote out on the day.

They have machines in all the key constituencies, information systems managers, computer users groups and help lines running night and day to keep their workers "on the air."

The microcomputer has already proved a formidable weapon. The Liberals attribute much of their success in recent by-elections to computer-based analysis of voting intentions. Brecon in 1985 and Greenwich this year, they say, prove their point.

Labour and the Alliance talked readily about their computing strategies this week in sharp contrast to the Tories who hedged, and finally stonewalled.

"We are saying nothing at all about our computer systems," a Central Office spokesman said sniffily. His reply brought wry smiles from the other parties who believe the Tory response has more to do with the current row over the allocation of election expenses for direct mail shots than with any "secret weapon" in the Tory computing armoury.

Broadly speaking, there are four areas where computer technology can make a decisive difference in an election—headquarters administration, analysis of canvass returns, communications and "knocking up" on election day.

Unsurprisingly, each party's strategy in these four areas tends to reflect its politics.

The Tories, for example, better off than their competitors, are well in the lead in terms of hardware, especially at headquarters where they have a medium-sized ICL mainframe computer used extensively for mailshots to drum up funds and ginger up supporters.

In comparison to this centralised approach, the Alliance is based primarily in the constituencies where the emphasis is on matching the electoral role to canvass returns.

The aim is to have a clear picture of the electorate and it is the key to the whole business.

Each of the parties claim they have *software best suited* to the purpose.

The Alliance even has a company, Election Technology, set up by Mr Paddy Ashdown, the Liberal MP, Mr Parry Mitchell, of the computer leasing company United Leasing, who is an Alliance candidate in Salisbury, and the software specialist Gillian Gunner, to provide software and services to Alliance constituency parties.

These days, the electoral role can be bought on magnetic tape for £100. For a further £450, the best of its kind with the Election Technology processes the tape and provides special software called "POLI" which makes it possible to match people's political attitudes, voting intentions and special interests to their addresses.

Tory constituencies have tried to buy POLI and been politely turned down.

So for about £3,000 including hardware, a Liberal constituency party can have a system which enables them to pinpoint, for example, every National Health Service employee in the area and generate a mailshot tailored to their prejudices and ambitions.

The doyen in the UK of this kind of fine electoral roll analysis is a former Tory candidate, Mr Len Harris of the London-based company Silverjay. He wrote his first election package in 1978; he claims the most recent version "Consort Register" is the best of its kind with the ability to carry forward canvass information from one electoral roll to the next.

To his undisguised disgust, Central Office recommends Tory constituencies use two other packages, Fileplan and Monitor.

The Labour recommendation is a program called "Clue," a proprietary package, but in the constituencies party workers are developing their own custom tailored programs. In Hampstead and Highgate, for example, Mr Simon Anderson *is putting* the final touches to software developed specially for this election: "I don't care if it's user friendly," he says, "But it's got to work."

Labour is using advanced communications techniques to link all its constituencies in a nationwide network.

It is using Telecom Gold, British Telecom's electronic mail service. Four times a day, constituency agents switch their personal computers into the network to receive the latest information from the party's Walworth Road headquarters.

On polling day itself, however, traditional election technology is expected to hold sway. The multileaf pads which tell constituency managers who has voted and who still remains to be knocked up are unlikely to give way to electronic versions.

"Pencil and ruler is still the quickest way," Mr Redhead confirms.

Howe highlights improved UK standing abroad

By Lisa Wood

BRITAIN'S recapture of its leading role in world affairs was highlighted yesterday as a major Conservative achievement by Sir Geoffrey Howe, the Foreign Secretary.

Sir Geoffrey, speaking at his adoption meeting at Surrey East Conservative Association, said that after two terms of Conservative governments there was no question of the changed standing of the UK.

"Yet," he claimed, "it could be lost at a stroke by electing a Labour government commited to defence policies which would split Nato apart: a Labour government resolved to lever Britain out of the European Community by forcing through economic policies inconsistent with membership."

The Labour manifesto in fact has pledged Britain's continued membership of Nato and, unlike the 1983 manifesto, offers no commitment to withdraw from the EC.

UK NEWS — THE GENERAL ELECTION

Thatcher warns of fees in opted out schools

BY IVOR OWEN

PARENTS of children attending schools which, under the Conservative Party's new education policy opt out of control by local education authorities, may be asked to pay fees, Mrs Margaret Thatcher, the Prime Minister, admitted yesterday.

Money provided by the taxpayer would be sufficient to enable such schools to provide a good education, she said, but they would not be precluded from raising extra money.

Mrs Thatcher, speaking at the first of the Conservative Party's election press conferences, promised: "We would look very carefully if there was any imposition of fees."

It is proposed that schools which, on the initiative of parents and governing bodies, opt out of control by local education authorities should become independent charitable trusts.

The Prime Minister denied that the manifesto proposals, including the provision of wider parental choice, would necessitate a return to a selection process on similar lines to the former "11-plus" examination.

The planned national core curriculum would assist the process of assessment and when pressed on the likelihood of a written examination she argued that interviews, which took place under existing arrangements, could be sufficient.

Mr Kenneth Baker, the Education Secretary, speaking on BBC radio, explained that the core curriculum would be established only by a consensus between government, teachers and parents.

"To suggest that we are going to impose a Thatcherite core curriculum is absolutely rubbish," he said.

But Mr Giles Radice, shadow Education Secretary, countered that the Tories' plans would mean a return to selection, the 11-plus and school fees.

"Today Mrs Thatcher let the educational cat out of the bag," he said.

"When the Tories say they will give parents more power to choose, they mean they will give schools more power to select.

"Clearly Mrs Thatcher wants the 11-plus brought back—and that means a return to a privileged education for the lucky few, and secondary moderns for the rest.

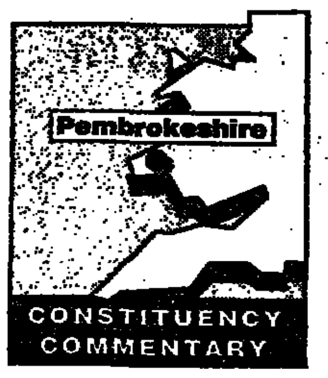
"The Tory plans will bring chaos to the schools and waste the talents of millions of youngsters.

Mr Radice wanted Mrs Thatcher to say how she would ensure consistency between schools and what would happen to children who fail the new 11-plus.

Giles Radice: plans would restore 11 plus

When Mr Baker had encountered any opposition he had either tried to undermine or abolish it, he claimed.

Mr Paddy Ashdown, Alliance education spokesman, accused the Government of planning to reintroduce selection across the board as well as introducing school charges.



CONSTITUENCY COMMENTARY

Anthony Moreton on Alliance hopes of bringing the dissatisfied farming vote into its camp in South Wales

Alliance candidate Patrick Jones seeks votes down on the dairy farm *Alan Harper*

Hard times disrupt lifetime loyalties

THE general election appears to have by-passed Pembroke. All the conventional outward signs of the hustings—posters in windows, canvassers, candidates with loud-hailers, party stickers on telegraph poles—are more noticeable by their absence than their presence.

Until Thursday there was no sign of the Conservative candidate. Mr Nicholas Bennett, a further education officer from Essex, who was chosen as successor in the constituency to Mr Nicholas Edwards, the Welsh Secretary, preferred to attend a candidates' rally rather than stirring the local troops even though he is relatively unknown to electors and is undler severe attack.

Pembroke is farming country, its rolling countryside producing some of the best beef and milk in Britain, and the farmers are in revolt against the Conservatives, their traditional allies. They have been hit by milk quotas and the overvalued green pound and are being forced to sell up to meet bank overdrafts taken out, a couple of years ago, when they were encouraged to expand output.

Mr William George, who farms some 900 acres with his sons outside Haverfordwest and is a former chairman of the Pembrokeshire branch of the National Farmers' Union, accuses the Government of having "betrayed" the farmers. He says: "The time has come to vote positive for something, not just to keep someone out."

After supporting the Conservatives all his adult life he is switching to the Alliance, where he will be joined by Mr Graham Perkins, another former NFU chairman.

As he moves around the market in Haverfordwest, watching the auctioneer sell store cattle and shaking hands with as many farmers and their wives as he can the Alliance's Mr Patrick Jones shows his delight. He holds the key to the election.

In theory, Labour's Mr Bryan Rayner should be the greater threat to the Conservatives. Last time, Labour came second, 9,356 votes behind the Tories. This time party organisation is immensely improved. There is a part-time agent who has reactivated branches and put more heart into the membership.

In Pembroke Labour is more advanced technologically than its rivals. While the others laboriously write out election envelopes Labour has bought computer print-outs of the register and all the addresses. It is expensive, but allows more time free for canvassing.

The signs though, are that Mr George will take some more farmers with him into the Alliance. One farmer, working 50 acres at St David's, said he had been "knocked sideways by the green pound."

"The Irish get £70 to £80 more than me for their beef. I'm really in a corner. I'm going to vote Alliance."

In a consituency like Pembroke many people live off farming. Mr David Jones, an auctioneer, is one of them. Another life-long Conservative he is also switching to the Alliance. "It is all gloom around here," he says. "Land prices have dropped like a stone. Two years ago it was fetching about £2,000 an acre.

"Now an owner is lucky to get £700 to £1,000. When the quota goes the land is worth very little and not everyone can put up the bed-and-breakfast sign."

The reaction in the market comes at just the right time for the Alliance. The party has had an encouraging run-in to the election. It won three seats in Milford Haven and Pembroke Dock, the more industrial part of the constituency, at the local council elections. And Mr Jones's adoption meeting was packed with 250 members.

"It's all so different from 1983," Mr Jones says. "Then we worked on a shoestring. Last week, we raised £6,000, enough to cover all our costs, at the adoption meeting.

"We know the Tories are coming over to us in droves so we are making a big drive on the Labour areas. The local elections show we are taking votes from them, too."

Mr Jones's euphoria may be as short-lived as the election itself. The Alliance was third last time, almost 14,000 votes behind the Conservatives and 4,000 behind Labour, which is a mountain for it to climb. He needs to take a sizeable number from Labour, too, if he is to achieve victory.

Labour's Mr Rayner will not make that climb any easier he he campaigns on a platform to bring more work to this part of Wales. Jobs are hard to find. Some 300 men applied for a vacancy as a toll-booth operator on the Cleddau Bridge and the offer of eight engineering apprenticeships at British Aerospace's Aberporth establishment produced 10 times as many applicants.

Money is tight, too. Mr George tells the story of a vet who went out collecting his fees and returned with a bag of potatoes, a couple of cabbages and a stack of promises.

Mr Bennett will have to work hard over the next 19 days if the seepage of farmers from the Conservatives is to be staunched. But he may take comfort from the comment of another small farmer, Mrs Lucy Bevan, who supplements her income by serving in a country house hotel. "They're all the same in the end," she says tartly.

Wellington called Waterloo a damned close run thing. Perhaps Mr Bennett may come to see Pembroke in the same light.

1983 result in Pembroke: N. Edwards (C) 24,860; A. P. Griffiths (Lab 15,504; J. Pullin (SDP/All) 10,983; O. Osmond (PIC) 1,073. C majority: 9,356. Turnout 78.1 per cent.

Stewart Fleming on how the US media reports the hustings

Small election, not many interested

IT TOOK about half an hour of thumbing through the voluminous pages of the Boston Globe on Thursday to find the British news.

But there was a small item in the names and faces section reporting that Prince Charles was getting fed up with newspaper speculation about the state of his marriage and headlines about his eccentricity such as the Sun's, which described him, the Globe reported, as "A Loon Again!"

America's domestic elections are an unremitting state of national purgatory for the politicians and the media.

The two-year election cycle for the House of Representatives means that many of its members never stop electioneering. It costs more—up to $200,000—to secure a seat on Washington DC City Council than a seat in the House of Commons. For the price of a Senate seat in California—$15m in election costs—you could elect a large part of the British Parliament.

But interest in foreign elections, even when they involve a leader as well known in the US as Mrs Thatcher, is, to say the least, not very intense even in a newspaper with such an international reputation as the Boston Globe.

It is possible that this reporter and his family may have missed something by not sitting glued to the television all day. But so far none of the major television networks seems to have spent time on Britain's election apart from cursory news reports about the fact that a date has been set.

That some prominent foreign affairs columnists such as Philip Geyelin of the Washington Post have identified the British election and Mrs Thatcher as a leader of particular importance to American security in Europe has not so far stimulated other newspapers to pay much attention.

Only the New York Times on a consistent basis, and to a lesser extent the Post, appear to have decided that regular coverage is warranted. The glossy weeklies, Newsweek, Time, Business Week and US News and World Report, have each had a lengthy feature article.

The thrust of the reporting has been predictable. Mrs Thatcher is seen as a racing certainty for re-election, though the prospect of a hung parliament is held out as a tantalising possibility.

Newsweek saw the real issue to be who would come second and whether the outcome of the race between Labour and the Alliance would transform British politics. Were the Alliance to win second place, Labour could disintegrate causing an historic realignment, the magazine suggested.

Business Week saw Mrs Thatcher as being in a position to change Britain more profoundly than any prime minister since Clement Attlee and aiming to build on what may be her greatest achievement so far, restoring business confidence after decades of industrial decline.

Mrs Thatcher, the weekly wrote, has accomplished changes that have created the stirrings of the "enterprise culture" and concluded that, even if she stumbled, key tenets of the "Thatcher revolution" would remain.

That revolution, according to the Washington Post, is deeper and wider than Ronald Reagan's.

Most of the reports agree that it has also torn at the social fabric of Britain, dividing the country geographically between a prosperous south and an impoverished north. Mr Howell Raines, a New York Times correspondent, describes this as a result in part of a coldly political strategy by Mrs Thatcher, who has built her base by adopting policies that meet the needs of the prosperous south.

It has been left to US News and World Report, the correspondent of which appears, to have spent some time in the industrial north, to raise seriously some questions about the extent to which Mrs Thatcher has indeed begun to change cultural attitudes in Britain and to express concern about the social costs of Thatcherism.

LABOUR

GM vote clears way for talks

BY CHARLES LEADBEATER, LABOUR STAFF

THE 1,900 workers at General Motors' Bedford van plant at Luton, Bedfordshire yesterday virtually unanimously accepted the company's revised proposals for conducting negotiations on far-reaching changes in working practices which are at the centre of a survival plan for the plant.

The negotiations had become bogged down in a dispute over union representation in the talks. However, the vote clears the way for discussion of the company proposals.

GM has told the unions that its plan for a joint venture with Isuzu, the Japanese manufacturer, to take over the plant in September, would not go ahead unless the unions agree to revised working practices by the end of July. The company says the plant is losing £500,000 a week.

The talks with representatives from the joint venture company will start on Tuesday. The company has brought in Sir Pat Lowry, the former chairman of Acas, the conciliation service, to help with the talks.

Under the proposals blue collar and white collar union officials at the plant would, for the first time, negotiate jointly.

While GM has stood by its insistence that the negotiations should be conducted mainly at a local level, it has allowed the manual unions' national joint negotiating committee a role in the talks. The manual unions had initially insisted that the talks should be conducted through the committee, which is the established forum for collective bargaining in the company.

The procedural agreement allows manual unions at the plant to refer problems to the committee, which includes union officials and managers from other plants.

The joint venture company has not yet provided the unions with details of the proposed changes to working practices. However, union officials believe the company wants to introduce more flexible working practices, a simpler pay grading structure and changes to collective bargaining, including a company council and a no-strike agreement.

Bank staff may ban overtime

By John Gapper, Labour Staff

THE National Westminster Bank staff association is considering advising members not to undertake voluntary overtime in spite of a vote against industrial action over an imposed 5 per cent pay offer.

The association took legal advice yesterday after a ballot of members produced a 53.3 per cent majority of the 11,345 who voted in favour of an overtime ban from June 3. A 75 per cent majority was required for action.

Mr Bob Carthy, general secretary, said yesterday that he was "very disappointed" by the result and hoped that it would none the less be legally possible to ask the 25,000 staff affected not to volunteer for overtime.

The staff association is one of three — the others at Barclays and Lloyds — which are balloting members on action over the 5 per cent pay offer imposed by the Federation of Clearing Banks on about 150,000 staff.

Members of the Barclays Group staff union have voted to ban overtime and not to cooperate with the new Connect direct debit card from June 1. The result of the ballot of Lloyds' staff will be known next Friday.

Mr Carthy said that the association's management committee believed it might not be breaking the law by advising members to abstain from overtime because staff contracts did not require them to undertake such work.

About 18,000 staff at National Westminster who are members of the separate Banking, Insurance and Finance Union are due to start an overtime ban from June 8 following a ballot in favour of disruption over the imposed pay offer.

Mr Nick Cowan, director of the federation, said that he thought a call not to volunteer for overtime might break the 1984 Trade Union Act because it would encourage breaches of normal working practices.

Electricians in TUC warning

BY PHILIP BASSETT, LABOUR EDITOR

LEADERS of the EETPU electricians' union are warning that attempts by other unions to restrict through the TUC the no-strike deals being signed by the electricians and other unions could again push the EETPU towards leaving the organisation.

With the support of the TGWU transport workers and Nupe public employees, the GMBU general union is considering presenting to this year's TUC Congress proposals setting minimum standards for union recognition agreements.

Writing in his union's journal, Mr Eric Hammond, EETPU general secretary, interprets this as an attempt to rule out any deal which fails to allow for a dispute to take place once procedures have been exhausted.

Referring to the three unions, he says: "If these unions wield their big block votes at this year's TUC conference it could lead to another critical situation over our TUC membership."

At the 1985 TUC Congress, the EETPU and the AEU engineering workers came close to suspension over the now-resolved issue of applying for government money to fund their internal ballots.

Mr Hammond says the EETPU will use "every honourable means" to avoid the union's continued membership of the TUC being brought into question.

He says the "vindictive interference" of the GMBU proposals imply a "restrictive practice of considerable magnitude and one which is fundamentally against the public interest." He adds that implementation would bring the "whole trade union movement into public odium".

Some unions may welcome Mr Hammond's warning about the EETPU's continued membership of the TUC. Yesterday, the annual conference of the Union of Communication Workers', meeting in Jersey, unanimously carried a motion calling for the EETPU's expulsion from the TUC over its role in the dispute News International

Mr Alan Tuffin, UCW general secretary, asked the conference to approve the motion, even though the union's executive had instructed him to ask for its withdrawal. He said he had opposed such moves by the UCW conference last year, but realised now the conference was right and he was wrong.

BT ends dispute with managers in west London

By Mani Deb

BRITISH TELECOM has ended a dispute with its middle managers in west London by withdrawing disciplinary action against two executives who had done the work of striking telephone engineers earlier this year.

The managers, members of the Society of Telecom Executives, had withdrawn goodwill and begun working limited hours earlier this month after a ballot of 270 to 71 in favour of industrial action.

The union always maintained that the conduct of the two men was not a disciplinary matter, and west London was the only one of 30 BT districts where the local management took such action.

The society said yesterday that after a period of deadlock, when the management declined to discuss the dispute unless the industrial action was lifted, BT decided on May 15 to concede to the union demand and withdraw the disciplinary action.

The dispute highlights the tension between local and central BT management, with the latter having to intervene to settle the deadlock. The company declined to comment on the settlement.

London busmen stop work

By Our Labour Staff

LONDON BUSES stayed off the roads for more than two hours yesterday as 18,000 drivers and conductors attended union meetings at their garages.

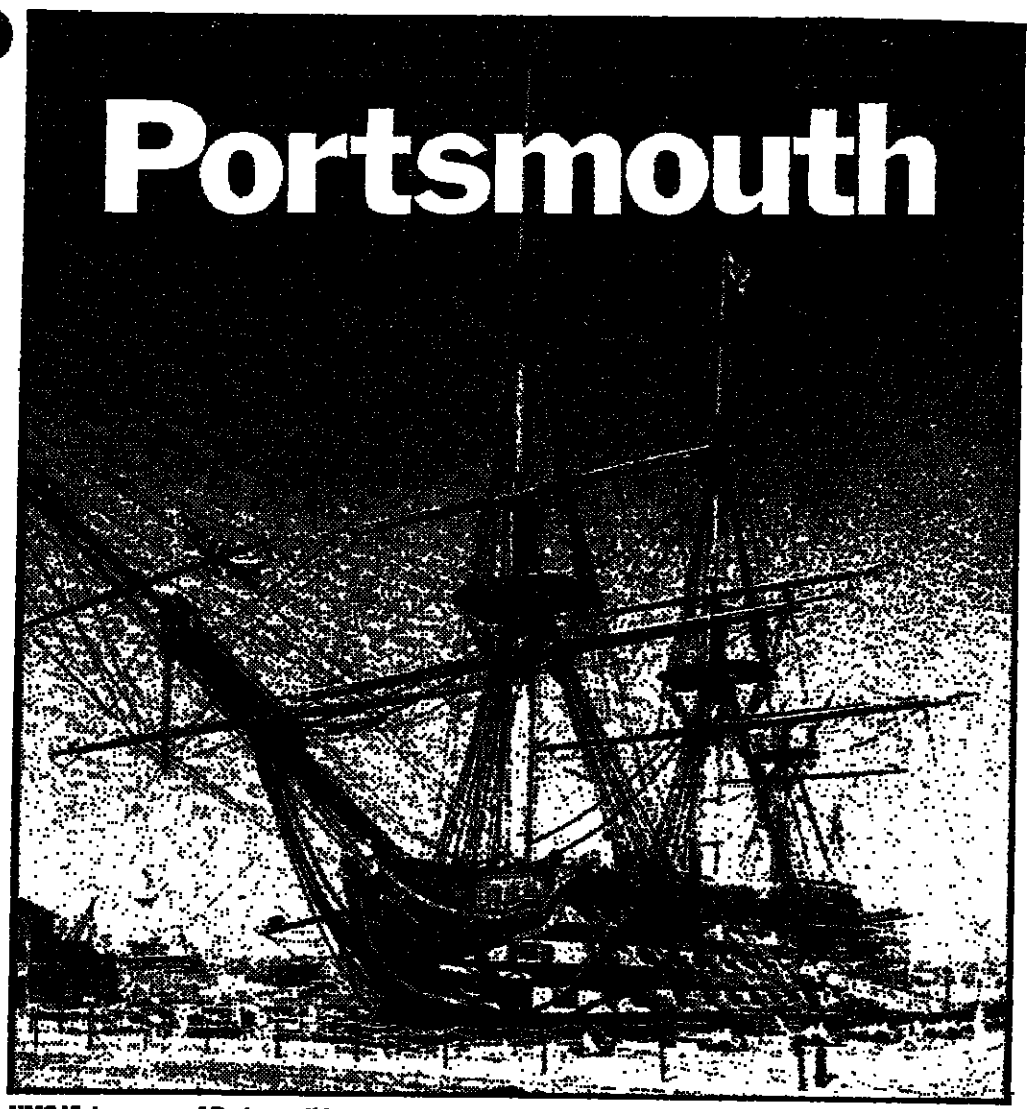
The mid-day stoppage was sparked by worries that long-term management plans to restructure the organisation would also lead to wage cuts and longer hours for the crews.

On Monday, London Buses disclosed to its 500 managers proposals to reorganise the administrative structure, which would include decentralisation and steps for possible privatisation.

The bus crews are angry about proposals for "Kingston-type pay and conditions," based on the lower wages and longer hours they say are being offered after two subsidiary companies were set up to win tenders in the Kingston area routes.

FINANCIAL TIMES SURVEY

Portsmouth



HMS Victory, one of Portsmouth's main visitor-attractions, along with The Mary Rose and the restored HMS Warrior. The city recently won the 'Tourist Authority of the Year' award.

While Portsmouth's economy is still strongly linked with naval interests, the historic city-port has succeeded in the last 25 years in making the transition to a more broadly-based economy. It is now seeking to attract more high technology industries, as **Alastair Guild** reports here.

Partnership for progress

PORTSMOUTH used to be described as a northern city in a southern setting. Northern, because it has traditionally had a concentration of industry greater than other south coast towns of its size. There is another parallel as employment in the town was dominated by one "industry," the Royal Navy, many of these companies being attracted by its presence.

Since the 1940s, however, the navy has substantially reduced its workforce, particularly with the rundown of its dockyard activities, but its association with Portsmouth, dating from Tudor times, is now exerting a strong influence on the city's future. Maritime history is the backbone of the drive to attract more tourists, while the contribution of the navy to Portsmouth's economy remains substantial also, with some estimates suggesting it brings in £500m to the local community.

But, over the past 25 years, Portsmouth has succeeded in making the transition to a yet more broadly based economy. Whereas at its peak, 50,000 jobs were dependent, either directly or indirectly, on naval ship building, refitting or repair, now 25,000 are employed in high technology industry in the area, for example, with a further 25,000 in companies providing back up service, out of a total Portsmouth workforce of 100,000.

It is a transition that has been made almost despite Portsmouth's setting. Entering from the north, the view from the crest of Portsdown Hill, a chalk ridge five miles from the city centre, is of the waters of Spithead and the Solent in the distance separating the seaside resort of Southsea from the hills of the Isle of Wight. Spread out below is the city itself, mostly situated on Portsea Island flanked by Portsmouth and Langstone Harbours. As an island, and the most densely populated borough in the UK with the exception of some areas of inner London, Portsmouth has had less room for manoeuvre than most.

With such pressure on land, conventional wisdom might have questioned the job creating potential of expanding commercial port activity. But the continental ferry port is probably providing more jobs than could ever have been created by light industry, through its spin offs for tourism, says Dr Hugh Mason, a principal lecturer in geography at Porthsmouth Polytechnic.

Much of the port is on land reclaimed in a matter of 300 days some 11 years ago. And, with a motorway link right into the docks, and a two hour saving in turn-round time, all continental ferry traffic has since transferred from Southampton with Portsmouth now handling 2m passengers a year, making it the second busiest after Dover.

The local Chamber of Commerce is now seeking to maximise the trade potential of links with northern France, forging close ties with Caen, for example, a new ferry destination.

The first visit to Caen by one of a series of special working groups, concentrating on transport and industry, was scheduled for the end of last month to coincide with an exhibition and seminar in the Normandy town.

"There is a lot more we could do to take adavantage of Portsmouth's proximity to the continent," says Jeremy Young, president of South East Hampshire Chamber of Commerce.

The city is itself keen to take fuller advantage, promoting itself as a place to visit and stay, putting major emphasis on its visitor attractions such as *HMS Victory*, *The Mary Rose* and its fortifications. It is also reviewing and upgrading its meeting facilities, seeing considerable scope for attracting the middle order conference of 100 delegates plus. The Social Democrats are holding their annual conference here, the first major gathering to come to Portsmouth since the TUC, more than a decade ago.

To promote tourism and inward investment in general, the council has established a new department, costing £100,000 a year to run.

Sites have been allocated for hotels creating an additional 400 bed spaces by the end of the decade and the council is in discussion with both French and English hotel groups looking for development opportunities.

There is, at the same time, more land coming forward with employment generating potential than for the past 15 years. With the shortage of land on the island, high technology development has been most evident, so far, on a strip running from Fareham, through the north of the city to Havant. But the council is now looking at the scope for easing planning restrictions on a 30-acre former gas works site, now available for redevelopment within the borough. A further 20 acres, released by the Ministry of Defence, has just been sold and is earmarked for a business park, creating some 500 jobs.

There is seen to be potential, in particular, for extending Portsmouth's proven record in high technology and electronics.

"The fact that such organisations as IBM and Marconi are already here has shown other companies that the area is a safe place to locate," says Dr Mason.

But the influx of such companies has pushed up house prices in the area to levels beyond the standard for the provinces, says Dr Mason. The Chamber of Commerce, too, questions whether new high technology companies will make any significant dent in Portsmouth's unemployment levels.

"Jobs being created are not ones that many unemployed people will be able to fill. So people will have to be brought in from outside the borough, having a knock-on effect on house prices," comments Jeremy Young. However, a job training consortium has been set up, involving the chamber, Portsmouth College of Art, Design and Further Education and Portsmouth Area Enterprise, with the MSC awarding PAE the contract as managing agent to try to redress the skills gap.

And major attempts are being made to equip local young people specifically for the new industries, with significant success. The local ITEC, for example, manages to place 80 per cent of its trainees.

To help further emphasise Portsmouth's suitability as a location for high technology industries, the city council and the polytechnic, which already has a wide ranging research programme of its own, are working together to establish an area for research and development, and manufacturing.

Small nursery units will house spin offs from the research on easy in, easy out terms. Ken Webb, Portsmouth's director of development, recently visited Israel to learn from its experience in concentrating technology developments at Haifa, one of the towns twinned with Portsmouth.

The office sector is also showing increasing signs of buoyancy. Zurich Insurance, which moved its head office out of London in 1977, and now occupies a custom-built 13-storey, multimillion pound, glass-clad office block, next to the railway station, is the region's principal commercial employer after IBM with some 730 staff in Portsmouth.

Rental values broke through the £6/sq ft barrier with the construction of office buildings, for Zurich Life, a twin company specialising in life and pensions business, and the continuing rise in rents is thought likely to make Portsmouth a more attractive place for developers. There is already a total of 4m sq ft of offices, with a further 500,000 sq ft allocated for future development on five sites in the centre, likely to create 2,500 jobs. Most sites are owned by Portsmouth City Council and it is releasing these gradually to avoid overheating the market.

The council is also playing a key part in the upgrading of Portsmouth's shops, with already some 1m sq ft of retailing in the city centre. It is about to embark on a £20m refurbishment programme, linked to an overall assessment of ways to make the centre a more attractive place to shop, including such issues as transport, and drawing on the experience of Southampton and Plymouth, both carrying out similar schemes. As ground landlords for much of the city centre, the council sees this a good business proposition.

"We are believers in partnership schemes to achieve developments we want in the city, with private investment," says Ken Webb. "We normally give a lead in time of one to two years before taking rental, reviewing our returns from any development as it takes root. But we can be a little more lenient if it will help get a scheme off the ground."

Portsmouth's coffers will also benefit from the £100m Cascades complex. The 300,000 sq ft scheme, funded by the British Rail Pension Fund, is already over-subscribed and it is thought that a further 100,000 sq ft could have been incorporated and easily let. The council has negotiated a geared rental income with the developers Taylor Woodrow.

There is at the same time increasing pressure for out-of-town shopping, with applications for 5m sq ft along the M27, equivalent to half a dozen new city centres between Southampton and Portsmouth.

"Spending power in the region does indicate that we are undershopped, but that scale of development would be disastrous for existing city centres," says Ken Webb. The council recently agreed to grant planning permission for a 187,000 scheme on the city's outskirts, with a leisure centre attached to a retail warehouse.

"This soaks up the square footage which we say is reasonable to allocate at present," he says.

But there is a need for more speciality shopping, believes the council. It has given consent for 60,000 sq ft of such units as part of a mixed scheme by Arlington Securities on a waterfront site to include 600 housing units, a marina for 1,000 boats, 100,000 sq ft of offices and a 200-bedroom hotel. The council, which owns the land, is currently in negotiation with Arlington which wants to increase the retail content to 100,000 sq ft. Profits from the sale of housing will be shared between the developers and the council.

Portsmouth sees the key to its future prosperity lying essentially in a partnership with the private sector, an arrangement that is attracting increasing interest from other councils throughout the UK.

"The council recognises that it has to invest to bring in trade and development, but having done so, we get a share of the action," says Mr Webb.

Portsmouth's big companies

Name	Ultimate holding company	Turnover £m	Year-end	Sector
Nexus Corporation	—	257.5	12/85	Motor agents
Powell Duffryn Fuels	Powell Duffryn	98.3	03/86	Fuel distribution
Marconi Electronic Devices	GEC	61.1	03/86	Electronic systems
John Brown Engineers	Trafalgar House	60.3	03/85	Mechanical engineering
Pall Europe	Pall Corporation	47.6	06/86	Chemical industry machinery
Portsmouth & Sunderland Newspapers	—	45.1	03/86	Newspaper publishing
H & S Aviation	Rio Tinto-Zinc Corp	29.8	12/85	Aviation services
De La Rue Systems	De La Rue	23.2	03/86	Paper and printing
ITW	Illinois Tool Works	26.4	11/85	Electronic consumer goods
Graham Tatford	—	17.7	03/86	Pharmaceutical distribution
NM Schroder Financial Management	Schroders	17.4	10/85	Financial management services
G. A. Day	—	16.4	02/86	Building materials
William R. Selwood	BTR	16.4	12/85	Construction equipment
Warings Contractors	—	14.1	04/86	Construction
Sealectro	BICC	10.7	12/85	Electronic components

Source: Jordan Information Services, Jordan House, Brunswick Place, London N1 6EE.

Now one of Britain's largest ferry ports

THE PORT and ferries' sector has seen considerable success in the last 10 years.

The story of the growth of Portsmouth as a ferry port is relatively recent and has required careful management between the city authorities and the Queen's Harbour Master to oversee a stretch of sheltered water which has, in fact, been a safe harbour since Roman times and for 700 years has been a home of the Royal Navy.

It also took considerable willingness on the part of Portsmouth Council and its harbour authorities to prepare the first ferry berth. They completed the work within an agreed deadline of 300 days and it came into operation in 1976.

That investment has been increased many times over. £20m has been spent since then to make Portsmouth the second biggest ferry port in the UK, after Dover. Its services continue to increase as the Brittany Ferries route to the Normandy coast has enjoyed a popular debut and the addition of a second ship.

Furthermore, Portsmouth is attracting new business in the commercial shipping sector and has seen the short-haul ferry service to the Isle of Wight enhanced with the purchase by Sealink of three new vessels.

In addition to nearly 2m passengers, 500,000 cars and vans and more than 100,000 freight vehicles estimated to have used Portsmouth in 1986. Additionally, Townsend Thoresen has "jumboised" two of its ships, the *Viking Venturer* and *Viking Valiant*, boosting them from 6,300 tons to 14,760 tons at a cost of £15m, allowing them to take advantage of double linkspan bridges at Portsmouth and Le Harve for loading and unloading.

But success brings problems, too. Both the ferryport and the nearby commercial docks of Albert Johnson Quay and Flathouse are crammed into a relatively small area of the natural harbour. So, while there are enough modern-style berths—and those berths could handle more sailings—there is not the reciprocal space to cope with the marshalling and customs clearance for larger numbers of lorries.

On a few occasions, ships last year had to anchor-off the port and wait for the congestion in disembarkation to ease.

There is a plan for a substantial reclamation project, costing almost £10m, to give a further seven or eight acres of marshalling yards, but that is a high cost to pay, even if the alternative is to see business turned away because of the congestion.

Stuart Alexander

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Expansion in defence and electronics industries

Centre of high skills

THE TRADITIONAL image of Portsmouth as a town almost entirely dependent on defence work has changed slowly but surely over the past 25 years. A steady move away from naval-related employment is now accelerating, with new high technology companies being attracted to Portsmouth itself and the wider travel to work area, while those companies that have for long depended entirely on defence contracts are increasingly applying their skills and techniques to the civil sector.

Marconi companies are together Portsmouth's largest employers. Marconi Defence and Marconi Space have a combined workforce in the city of 3,500. The defence company employs 2,000, mainly in production, most of them being skilled technicians recruited locally, and trained both on the job and at the polytechnic and in local colleges. A high proportion of these working in Marconi Space are graduates.

The two companies have invested some £15m in recent years in new buildings, including clean rooms for assembly and testing, and massive halls for assembling satellite payloads. A further £10m has been spent on new processing equipment.

Much of the technology developed in both companies for military applications is now being spun off into the civil sector. Marconi Defence, for example, is now applying voice recognition techniques for use in such areas as the car industry and the post office.

While still accounting for less than 10 per cent of output, these are rapidly growing markets. Marconi Space is similarly seeking civil applications for its technology, in satellite communications, for instance.

Marconi Underwater Systems, with an annual turnover of £200m, is also chasing wider markets for its expertise. MUSL employs 2,000 in Portsmouth out of a total of 3,700, with the remainder concentrated at an engineering development unit and technology centre near Watford and a final assembly unit in the Wirral. GEC, the parent company, has invested approaching £50m in MUSL sites since 1980.

In 1978, the Ministry of Defence gave the company the task of completing development of the Stingray light weight torpedo, and in 1982 it was given another major contract for the development of a new heavy weight torpedo. While a major part of its work is still in the manufacture and servicing of torpedo equipment, both in the UK and overseas, the company sees a number of areas where its knowledge of underwater acoustic technology could be applied for non-military uses.

It has, nevertheless, benefited from being near the Admiralty Research Establishment at Portland, while it also recruits from the ranks of naval personnel taking early retirement, though it takes staff from a wide range of disciplines, and sees benefits of being located in the Portsmouth/Southampton corridor, rapidly becoming a "silicon coast."

There is a growing number of smaller high tech firms in the Portsmouth area, two examples being IGG Industries and IGG Components Technology, part of the International Gemma Group. IGG Industries was formed at the beginning of last month, following a re-organisation of half a dozen group companies, to allow for further expansion in its manufacture of de-coders, electronic displays, animated advertising posters and process control equipment. With an annual turnover of £6m, the new company employs 135.

IGG Components Technology, with its origins, like many high technology companies, in a garage, now employs 120 and has a turnover of £11m, all exports. Its main involvement is in component planning and procurement, assessment and quality control for the space industry, and the group recently invested £500,000 at its Cosham plant in a new "clean" room for handling electronic, electrical and electromechanical components. Together with other recent re-organisations in the group's plants, it provides a tripling of component-handling capacity.

However, it is perhaps IBM, with a presence in Hampshire since 1958, and its UK headquarters based in Portsmouth since 1975, that has lent the most conspicuous support to the region's claim to have an environment and infrastructure suitable for high technology industry. Its plant at Havant is one of four in Europe each dedicated to manufacturing different products in the IBM range.

Havant produces a range of equipment, from banking terminals to disc units, for Europe while also manufacturing some of the company's memory disc files for the world market.

It is IBM's 1m sq ft headquarters building, built on 128 acres of drained marshland at what was the northern extremity of Portsmouth harbour and situated close to the motorway, which has become one of the clearest landmarks to Portsmouth's success in attracting new investment.

Some 2,500 staff are employed in a range of activities, from marketing to personnel. Computer complexes serve IBM UK and the company's affiliates nationwide.

According to Nick Jonas, director of quality and resident manager programme, IBM has had no difficulty recruiting staff locally or redeploying personnel from elsewhere in the country. IBM has had a secondee running the local Information Technology Centre for the past five years, and though IBM itself cannot always offer long-term employment to ITEC or YTS trainees, the company does develop their skills to make them more suitable for the general jobs market.

But Portsmouth's "indigenous" industry has also been showing confidence by investing in new technology. One example is the News Centre. In 1968, the business moved into its purpose-built site on the northern perimeter of the city, at the same time introducing photo composition and web offset printing, becoming the first web offset newspaper in the world with a run in excess of 100,000 copies daily.

The entrance hall at IBM UK's impressive 1m sq ft headquarters building at Portsmouth where 2,500 staff are employed.

It spent £11m on a new press hall three years ago, enabling it to substantially expand its contract printing business, and is soon to commission an additional single width press costing £2m, enabling it to do quarter-folds, particularly applicable for directories, certain types of magazines and shopping guides.

Since last year, the company, part of Portsmouth and Sunderland Newspapers, has been printing copies of the Guardian, the Independent and the Observer for distribution in the south of England, with the pages transmitted from London by facsimile. The News Centre now prints over 60 outside titles overall, with customers including IBM, local authorities, the Royal Navy and British Telecom.

"We now have very expensive machines, which, if just handling our own daily and weekly newspapers, would be lying idle for much of each 24 hour segment," says Douglas Hickson, deputy editor. "By developing the contract printing business we are now making full use of that plant."

Its income from contract printing is now £3.5m and it has taken on 100 more staff to cater for the expansion.

Alastair Guild

Tourism development

Award-winning campaign

"PORTSMOUTH IS the tops for tourism and that's official"—so said the headline on the announcement from the city council that it had won last month the "Tourist Authority of the Year" award. Portsmouth may be an unlikely candidate at first sight, given the efforts of some of other more traditional resort towns and regions, but it is one which reflects the way in which the city is energetically selling itself.

As is so often the case, necessity has been the mother of invention and Portsmouth has put together a highly professional team to re-appraise strategy and tactics. The city knew that there would have to be an employment replacement programme, in the wake of the jobs rundown at the Royal Naval dockyard; that the island site which Portsmouth occupies meant that there was little room for major industrial or office expansion—though this could change as more land is released; and that the city has other excellent assets.

These include not only its coastal attractions and traditional links with the Royal Navy, but also the reputation of "sunny Southsea" as a family resort. However, the pattern of holidays has changed, with people now more mobile—holidaymakers are as often to be found on the planes to Spain; meanwhile, the accommodation facilities of some of the UK's small hotels and boarding houses sometimes fall behind expectations.

First, the city carefully examined the cost of various options in job creation—and the tourism potential was promising. The city decided, therefore, to bring together a strong marketing team.

A partnership with the tourist industry in the city may be developed to continue the promotional effort, but the initial impetus is being managed by the council. A primary aim is to encourage more investment in the city's tourist facilities by demonstrating the professionalism of the team and the city's commitment to the tourism sector.

Key areas for development include the domestic consumer market, the business sector and the international market. Sub-sections in the domestic consumer market indicate the recognition of Portsmouth's strength as a short-stay option or activity group destination, rather than a longer-stay centre of four nights or more.

There has been a radical change of emphasis in promotional emphasis from being Southsea-led to Portsmouth-led, and with it the change from "Sunny Southsea" to the "Flagship of Maritime England."

On the business front, Portsmouth hopes to increase its conference business. The new £8.5m Rock Gardens development will incorporate a 900-seat auditorium (This year the Social Democratic Party will hold its annual conference in Portsmouth.)

There is, however, a shortage of first-class hotel accommodation. Even when the 144-bedroom Ladbroke Hotel opens, later this summer, there will still be a shortage of first-class rooms to meet the needs of larger conferences.

The overseas tourist appeal is based firmly on the Heritage complex which takes in Nelson's *HMS Victory*, the developing *HMS Mary Rose* project, and from June or July, the restored *HMS Warrior*. In addition, there is a D-Day Museum and much evidence also of naval memorabilia elsewhere in the area.

The city attracts visitors from France, who take advantage of special packages with the incoming ferry operators; while Dutch visitors, says the council, are particularly fond of the bed-and-breakfast accommodation in the area.

Portsmouth is also one of 13 in the English Cities' Marketing Group which promtes holidays under the banner of "Great English Cities." This campaign has so far brought some 3,000 bookings for Portsmouth.

"We have even seen a reversal of the previous position where we were a "gateway" for the Isle of Wight, in that people are also coming back to Portsmouth for a day out, even though they are on holiday on the island," says Arnold Clenshaw, the city's marketing service manager.

The tourism and conference business is thus boosting job-creation, at relatively low cost to the council. An analysis by the local polytechnic shows that tourism-related activity brought in £150m in 1986, or nearly 10 per cent of the local income.

There is clearly considerable scope for further developments. The Sea Life aquarium and leisure complex, which opened last year, reports higher-than-expected turnover in its first 11 months, with more than 200,000 visitors in the first six months.

Two new marinas are being built, one at Eastney, costing £8m; the other, Port Solent, will offer nearly 900 berths, extensive housing and a hotel which may boost the initial investment of £16m to an eventual £100m.

Sunny Crouch, the city's chief marketing officer, reports that "although it is still early days, we have seen major tourism-related developments worth over £200m, financed largely from the public sctor, and creating over 3,000 new jobs."

Stuart Alexander

City's naval links

Still a major influence

BRITANNIA, it could be said, no longer rules the waves. The Royal Navy's total dominance of Portsmouth has ended also, but the transition to a more broadly-based economy has been smoothly achieved over the past 25 years, while the Navy continues to have a substantial influence on the city's future.

A number of companies, particularly those in defence, still recruit from the ranks of ex-servicemen, while the Navy contributes some £500m to the local economy, for example, by the purchase of supplies and in wages.

The Ministry of Defence is also a major landowner, with the naval base spread over 300 acres, and, though the dockyard's activities have been severely curtailed, Portsmouth is still a bustling base. Submarines, destroyers, frigates, and the navy's three aircraft carriers continue to call it home, and after exercises, Portsmouth is visited by vessels from foreign navies. This summer it receives a small Japanese squadron.

Counting both ferries and naval vessels, there are some 50,000 movements a year in and out of the harbour, making Portsmouth the third busiest port in the UK, after Dover and Harwich. Pleasure traffic is also increasing, with 3,500 yachts already based there, and two large marinas currently under construction.

A maritime heritage area established within but roped off from the base and including such attractions as *HMS Victory* and *The Mary Rose*, an RN Museum and soon *HMS Warrior*, the first iron clad battleship, is the focal point for Portsmouth's tourism promotion. It already attracts 500,000 visitors a year. Ringing the base is a necklace of naval research and training establishments, armament depots and a naval hospital.

It was the Defence Review of 1981 that foreshadowed a "very sharp reduction" in the scope and volume of dockyard work at Portsmouth. The MoD later announced that the dockyard workforce, 7,000, at the beginning of the 1980s was to fall to 2,800 civilians and 500 naval personnel. At its height, after the war, the dockyard kept 27,000 employed.

One factor has been the Navy's complete withdrawal from shipbuilding. But modern warships do not need the amount of refitting they once required. Refitting cycles have been extended to five years or more, whereas vessels used to require attention every two and a half years. The emphasis of the shipwork has moved away from long-term programmed work, such as refitting, to short-term programmed and unprogrammed repair and maintenance work during operation time.

Some of the civilians who left with the rundown of Portsmouth as a dockyard went to Devonport and Rosyth, the two remaining naval dockyards in the UK. Others took early retirement or voluntary redundancy with very few forced redundancies. The Navy still has 200 apprentices in ship repair skills such as fitting and turning.

There is some controversy locally about the scale and rate at which land has been released by the Ministry of Defence since the rundown, prompted, no doubt, by the general shortage of land within Portsmouth for development. But, overall, the relationship between the Navy and the city council is amicable.

"We recognise that the Navy still has needs, but if we do see land which is surplus to its requirements we will put pressure on the MoD to release it," says Ken Webb, director of development at the city council. "But we will never hound the Navy out of Portsmouth."

Apart from its contribution to the local economy, and the great prestige it bestows on the city, the Navy is "in-bred within most of the locals," believes Mr Webb. "It provides a sense of discipline which carries over into the attitude of Portsmouth people to work and life in general."

And, he points out, the MoD has already released substantial areas and without the navy's co-operation the maritime heritage area could not have been established, nor the continental ferry services expanded.

Wherever possible, says the Navy, it is trying to speed up the handover of land for redevelopment, while it is also releasing surplus married quarters in Gosport and Portsmouth to the local authority to ease the housing shortage. The total handed over last year was some 200 homes.

There are some decisions in the offing which could provide significant areas of land on both sides of the harbour.

Alastair Guild

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
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Saturday May 23 1987

Just one vote for reality

THE STATE of the international economy is not much discussed in the average saloon bar at the moment; and politicians running for office mention it only as a source of comparisons, favourable or unfavourable according to taste. One might expect a little more attention in City bars, or among those politicians who will be meeting in Venice in just over two weeks to prescribe for it; but there is little sign of any such thing.

On the contrary, the world's equity markets continue to shrug off every setback. Even in Tokyo, where production is falling and the major manufacturing companies are reporting profits down as much as 50 per cent, more than half the sharp setback early in the week had been recovered by yesterday. Wall Street is unimpressed by news of falling domestic demand, and the leaked communiques which have so far been prepared for the summit consist entirely of the usual cliches.

In fact the news can flatteringly be described as dreary. The EC has now shaded its growth forecasts down to 2¼ per cent for the next two years. Britain is officially supposed to be doing better, but the disappointing output figures for the first quarter cast some doubt on this—doubt widely shared in the markets.

Unplanned increase

In Europe it can at least be said that the situation looks stable, if sluggish, with prices rising at about the same rate as output. In the US the business community is now worried about growth prospects, despite the stimulus of devaluation.

Output did rise quite strongly in the first quarter of the year, but final sales did not; the unplanned increase in inventories is a bearish sign, and the persistence of inflation at a 6 per cent annual rate is worse. It means that while the Administration and the Congress struggle to reduce the Budget deficit, against falling revenue expectations, the Federal Reserve dare not relax monetary policy, and may have to tighten in a weak economy.

Meanwhile, Japan is in the throes of a violent structural change, and facing protectionist threats from the EC as well as from the US; but these troubles are the mildest irritation compared to what the developing countries are suffering. Their problems did receive some financial recognition this week, when Citicorp, the biggest of the New York money centre banks, decided to provide for losses of up to a quarter on its sovereign loans — going twice as far as most other British and American banks; but although this is probably an understatement of the likely losses, the reaction in the markets was brushed aside

The Governor of the Bank of England expressed some dark thoughts this week on the inflation of financial asset values, and the credit boom which is fuelling it. He was giving a pretty clear warning that interest rates in this country are as likely to rise as to fall, but the problem is not just a domestic matter. On the contrary, the financial asset boom is world wide, and high British interest rates will probably attract ever more funds to support lending in the UK.

The growth of credit and money is not so much a measure of economic buoyancy, or of an eat, drink and be merry mentality, as of imbalance. It reflects the fact that the citizens of Japan and Germany are very large savers, who live in countries that cannot absorb all their savings as much as the fact that in Britain the rich and middle aged are piling up wealth, while those with junior salaries and new houses to finance are piling up debt.

Productive use

The housing market and the stock markets of the world are driven by this flood of liquidity, and the pattern of market movements is telling. Prices drift quite quickly upwards in every quiet period, but suffer sharp setbacks whenever some news item concentrates attention on the poor underlying situation.

The whole process will have a happy ending if, and only if, the liquidity can be put to some productive use at the end of its journey through the financial and real estate markets. Consumer borrowing does stimulate production, but it cannot be expanded for ever; at some point borrowers find their repayment obligations have reached the threshold of pain, and run a household austerity programme.

This has already happened, quite suddenly, in the US: the growth of consumer credit, which ran at a record pace for several years, came to a complete standstill at the beginning of this year. Debt saturation is the main reason why US sales are so disappointing, and this conveys a clear warning: recycling to consumers may give a quick lift to the tone of an economy, but it is not a lasting stimulant.

For that we need new plans to face the problem Citicorp has recognised, and find a way to provide resources for economies which are already in deep decline. If the summit does not try to address this problem—as the Japanese Government is already talking of doing in a solo venture—it will be a waste of time.

Scandals everywhere: (left) Jim Baker, the evangelist accused of sexual misconduct; Gary Hart, out of the Democratic race; and (right) another evangelist, Pat Robertson, who still hopes to secure the Republican nomination

A bear market in American dreams

The US is in a mood of disillusion after Irangate, Wall Street insider dealing and TV religious scandals. Stewart Fleming in Washington assesses the political consequences

Miller's made the American way,
Brewed and bottled in the USA
Just as proud as the people who are drinking it today
Miller's made the American way.

BY 1984, the high noon of President Ronald Reagan's successful bid to market his presidency to the American people for a second term through the manipulation of patriotic themes, Madison Avenue had got the message too.

Products from beer to Chrysler cars were wrapped in the American flag before being put on television and sold.

Today, Miller is back to using sex and nostalgia to try to boost its market share.

But just as Madison Avenue has come to the conclusion that American beer drinkers can no longer be motivated by chauvinistic appeals, so in Washington political analysts and polltakers have come to the conclusion that the symbols and style which sold Ronald Reagan to the voter are now threadbare.

Dr Steven Smith, a political analyst at the Brookings Institution, maintains that part of the reason for this is the same as that which led Miller to change its advertising campaign. "Political marketing needs something new," he says. Commercials based on the America's pride theme had lost their effectiveness.

But like many of his peers in Washington Dr Smith also sees a shift in the national mood. This is a change which the polls are identifying and which some suspect could have ominous implications for the Republican Party, in particular its conservative wing, which nurtured Ronald Reagan and whose

Commentators see a change in the national mood

causes he claimed to champion.

Assessments differ as to why the mood has changed. Some analysts, such as Mr William Schneider of the American Enterprise Institute, a leading Washington think tank, maintain that, in part, Mr Reagan has been a victim of his own success.

Polls are now consistently indicating that the American people are no longer hostile to government. An ABC/Washington Post survey published in January showed that only 49 per cent agreed with the nostrum which helped to elect Reagan in 1980—that government had been trying to do too much—compared with 57 per cent two years earlier.

A Time magazine poll in March reported overwhelming support for increased spending on health programmes for the elderly, services for the poor and improving the environment. Support for increased spending on the President's priorities—the military and the strategic defence initiative—was more equivocal.

According to Mr Schneider "the revolt against government," which surfaced most visibly in California at the end of the 1970s with the passage of the Proposition 13 proposal to curb taxation is now over. One reason, he says, is the subdued level of inflation.

There is, he says, growing support for a more active role by government. The Democratic Party, which has pushed environmental and highway spending bills through Congress over President Reagan's veto, has begun to capitalise on this change. But moderate Republicans too, are hedging their bets on the Reagan agenda. Vice President George Bush and his ally, Mr James Baker, the Treasury Secretary, are both pushing "competitiveness" programmes which would give government a bigger part in efforts to improve economic performance.

According to Mr Schneider another Reagan success—the perception that he has rebuilt American military strength—accounts both for the waning support for higher defence spending and the backing for some form of detente with Moscow.

But if Mr Reagan's successes are, in part, responsible for America's changing mood so too are his failures and the failures of those close to him or identified with him.

In the March issue of The New Republic, Michael Kinsley, the editor, compared the Vietnam war film, Platoon, which he said was full of "left wing signifiers," with the earlier Rambo—seen by many as a character whose appeal was to the same simple Reaganite values that helped create the flag-waving beer commercials.

"Together with the Iranamok amok scandal in Washington and the insider trading mess on Wall Street, the wild popularity of Platoon is more evidence of the cultural collapse of Reaganism," Mr Kinsley wrote.

It may be doubted whether Reaganism ever truly permeated the Middle American psyche in the way this analysis suggests—arguably Americans voted primarily against President Carter and inflation in 1980 and for more of the same in 1984. But the fact remains that Mr Reagan's ideology has suffered a succession of devastating blows since last autumn. These are deepening the divisions in the ranks of the conservative Republican core which were already emerging as the unifying figure of Ronald Reagan began to fade.

Some political analysts think American confidence in Government is being shaken again, as it was in the early 1970s.

This may be going too far. It is easier to make a case for serious disarray on the right wing of the Republican party than for acute malaise in the body politic.

Mr Paul Weyrich, one of the opinion leaders of the conservative right takes a particularly gloomy view. "The mood in the country," he says, "is antithetical to politics in general. People have had heroes they believed in and who have let them down. We are headed for one of the lowest election turnouts in history."

Dr Smith takes a less cataclysmic view, identifying three groups on the right: those, the majority, who are disillusioned to the point of lethargy; those who feel betrayed and the still substantial body of people searching for new leaders, such as presidential candidates Representative Jack Kemp or the Reverend Pat Robertson. Both of these, however, are slipping in the presidential preference polls.

The disillusion is easily understood. Mr Reagan, having paid little more than lip-service to the conservative social agenda—anti-abortion, prayer in schools and the abolition of the federal education programmes—is, some fear, now ready to go further. Critics believe he will trade in the strategic defence initiative, which conservatives strongly support, in pursuit of a broader arms control agreement.

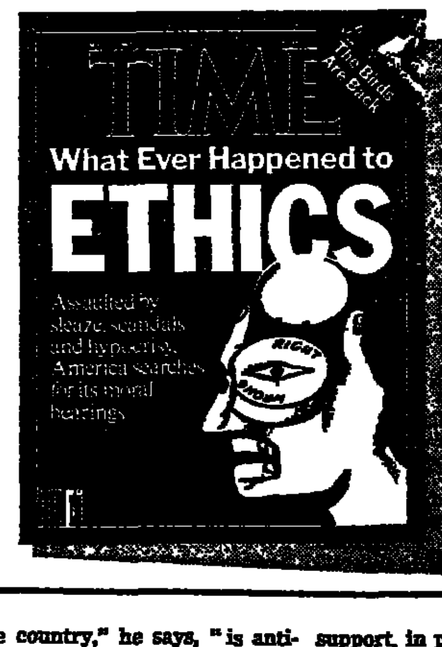
Into this already murky pot have been stirred the Iran hearings, scandal on Wall Street and bad publicity about the evangelical church, which has been a bulwark of the right. Mr Robertson, himself a television evangelist, can hardly have been helped in his bid for the White House by the sexual soap opera of Jim and Tammy Bakker or the manoeuvrings of the Reverend Oral ("give me $4m or else") Roberts. Mr Reagan's own job approval rating has been stuck in the mid-40 per cent range since the Iran affair became public last November and there is no sign of a let-up. This week the New York Times carried yet another deeply hostile editorial, headed "Above the law in the White House."

It is not surprising in these circumstances that the leading candidates for the Republican Presidential nomination are vice president George Bush and Senator Robert Dole, both of whom have long been regarded with distrust by the right and who are seeking to keep their distance from it.

A Washington Post-ABC news poll published last month found that 60 per cent of people believe the US is heading in the wrong direction, the largest negative finding since the question began to be asked in the survey five years ago.

Polls also suggest that trade and budget deficits, weakness in regional economies and questions about America's competitiveness are contributing to an increase in pessimism about the economy. The evidence is mixed, however. Some surveys put consumer confidence at high and even record levels.

The Democrats believe they can capitalise on the changing mood. They must have been delighted when Time magazine made ethics in America its cover story under the headline "Hypocrisy, betrayal and greed unsettle the nation's soul" over pictures of, among others, Mr Ivan Boesky, the Wall Street insider dealer.



But, as Mr Schneider points out, Ronald Reagan's philosophy has left its mark in both intended and unintended ways. Huge budget deficits mean federal funds are not available for ambitious spending programmes and the public in general does not want to see taxes used as instruments of social policy and income redistribution.

"Polls show no support for a general tax increase," says Mr Schneider, although selected tax increases for specific purposes such as highway building do command support. Conservative Utah has just approved its biggest ever tax increase and earmarked $150m for education.

The White House seems to agree that the signals are mixed. Mr Howard Baker, Mr Reagan's Chief of Staff, perhaps best caught the atmosphere in an interview with Mr James Reston of the New York Times. Asked how he saw America, Mr Baker said: "People are troubled, but they have a good self-correcting mechanism."

Expressing concern about the lack of patriotism displayed by the marines who allowed themselves to become involved with Soviet women in the Moscow embassy, he continued: "We have grown so laid back, urbane, sophisticated people think patriotism and values are

Today, a more worldly cynicism is evident

beneath them . . . people are neither happy nor unhappy, they are passive, comfortable. Materialism is a palliative: people now are not fiercely pro- or anti-anything."

If Mr Baker is right, that Americans are troubled but passive, then the atmosphere is far different from the early 1970's when disillusion with political institutions and pessimism was outspoken.

That was the end of an era which saw race riots in the cities, bitter divisions over the Vietnam war and sagging confidence in political institutions, in particular the presidency, as a result of the Watergate affair. As the first oil shock sent prices soaring Americans were angry and then, as the 1980's closed, angry and ashamed at the Iranian hostage crisis.

Today a more worldly cynicism is evident, not least in the biting political cartoons which appear in newspapers across the country. Perhaps if the recession economists fear were to strike, as it did at the end of the Nixon and Carter presidencies, anger and frustration would resurface.

At this moment, however, it is not surprising that presidential candidates — and not only those on the Republican side—are failing to define a vision of American society.

For Americans will have to be convinced that visions, dreams and change are what they need—and that they are something their political leaders can help them realise.

Man in the News

John Reed

A Citi slicker comes of age

By David Lascelles, Banking Editor

CITICORP HAS always thrived on bold strokes. When Mr John Reed, the chairman, announced his $3bn (£1.8bn) provision against Third World debt this week, the US's largest bank was behaving absolutely true to form. In a single move, he recast his bank's entire approach to Third World debt and left the global financial community gasping with amazement.

Even though the provision will wipe out a quarter of Citicorp's equity and leave it nursing the biggest loss ever suffered by a US bank, it was irreproachable from a banking point of view. If a banker thinks some of his loans are going bad, he must take protective action and this is precisely what Mr Reed was doing.

But in many other respects, his provision was bizarre. Why now? Why all at once? And why embarrass other banks with equally large exposures to Latin America who will not be able to follow suit without ruining themselves?

Part of the answer lies in the famous Citicorp drive to be first and biggest. Some bankers have gone so far as to describe the provision — probably unfairly — as the world's most expensive publicity stunt. But the answer also lies in the person of Mr Reed himself, a man who inherited those hard-driving traditions four years ago when he became chairman at the tender age of 44.

He does not exactly fit the picture of America's top banker. With his boyish looks and clean-collared, earnest manner, he sometimes seems more like a youngster in his first job than a man with the weight of a $200bn organisation on his shoulders. This impression of youth is reinforced by the long and lingering shadow still cast by his predecessor, Mr Walter Wriston, who towered over the US banking industry for more than a decade and personally selected Mr Reed to follow him — a bit like a father tapping a favourite son.

Because of this, the task facing Mr Reed as he tries to put his stamp on the vast organisation has always seemed specially daunting.

But he is a man who relishes Herculean labours. A lifelong Citicorp career man, he joined in 1965 and worked his way up through several divisions, including a spell in Latin America, which made him a fluent Spanish speaker and gave him some feel for its problems. He made his name in the Citicorp equivalent of the Augean stables—cleaning up the bank's immense back office and streamlining its internal systems. This was not glamorous banking; it did not even entail making lending decisions. But it drew on his qualities: a beaver-like devotion to the job in hand and a flair for management. Most recently, he ran the retail banking division, where he became America's cash machine and credit card guru.

All this has left Mr Reed little time for family life and private pursuits, though when he gets the opportunity he escapes to a holiday home in Jamaica and plays golf.

Since he became chairman, virtually his every move has been judged in light of the Wriston legacy. But he has been careful to bring about a gradual transition to a new regime. He did not occupy Mr Wriston's office in Citicorp's Park Avenue headquarters in Manhattan. His predecessor enjoyed the cut and thrust of public debate, but Mr Reed takes a low public profile. He rarely gives interviews, preferring to lunch privately with the press and put his points across in quiet.

Where Wriston spent much of his time railing against what he perceived to be the injustices of US banking law, Reed has involved himself little in politics or the debate about regulation, preferring to leave that to his senior colleagues. He is by experience and instinct much more interested in the inner workings of the bank, like an engineer striving to make his machine run as smoothly as he can.

Within Citicorp, he has tried—and largely succeeded — in retaining the other Wriston lieutenants who might have left after losing the succession race. He has also continued to pursue the Wriston goal of making Citicorp the world's first mega-financial institutional doing all things everywhere. He keeps in touch with Mr Wriston and talks over banking issues with him.

But in one important respect, Mr Reed has made a sharp break with the previous era. In the relentless pursuit of profits, Mr Wriston cut corners and skimped on loan loss provisions, leaving Citicorp one of the least well-cushioned banks in New York. In his view there was no need to make provisions against losses on Third World debt because countries never went bankrupt.

Mr Reed thought differently. One of his first policy decisions was to start rebuilding Citicorp's reserves, even if this meant holding back earnings growth. In a famous incident in 1985, he had the opportunity to make Citicorp the first US bank to earn $1bn in profits. Instead he stopped short at $998m, unwilling to divert that extra $2m from reserves just for the sake of reaching a banking milestone. Since 1984, Citicorp's profits growth graph has flattened out.

The same readiness to sacrifice profits for the sake of prudence lies behind this week's $3bn hit. But, just as significant, the boldness of his latest decision is already being judged a sign of his coming of age as Citicorp's chairman — the moment when he put his stamp on the group, deeply and indelibly.

But if Citicorp is now Reed's bank rather than Wriston's bank, the responsibilities which go with that are awesome. Mr Reed has none of the Wriston panache that held together this worldwide financial empire and drove it forward. If he keeps Citicorp moving it will be as a manager rather than a leader, and he admits that his less inspirational and more cautious style may have affected staff attitudes, particularly as Citicorp starts slipping down the profit growth league tables.

But after this week, Mr Reed at last seems firmly in the saddle, and he is still young enough to take Citicorp into the 21st century.

هكذا في الأصل

UK HOUSING POLICY

IF THE Conservatives win the election they will have another go at wiping out Britain's great public housing estates. The ambition is enormous: local authorities still own and manage 6m homes at low rents. These structures are the concrete manifestations of the post-war consensus that the Tories started to dismantle in 1979.

Mrs Thatcher would not be able to pull them down stone by stone: that would be like a Pharaoh trying to obliterate the pyramids. But both the Prime Minister and her Environment Secretary, Mr Nicholas Ridley, are determined that the local authorities shall be divested of control over as many of the dwellings as possible.

Since 1979, the attack has been two-pronged: a million council homes have been sold and the number of houses built by local authorities has fallen from more than 100,000 a year to fewer than 20,000 now. The third prong is in their election manifesto. Tenants will be given a right to opt out of the system and transfer their tenancies to housing associations or other approved landlords. In some derelict areas there will be Housing Action Trusts, modelled on the Urban Development Corporations. These will take over the housing, renovate it and pass it to housing associations, tenants' co-operatives, owner-occupiers or approved private landlords.

The Labour Party's intention is quite the opposite. Its manifesto promises more houses. How many more? Well, there is no intimation of any plan to restore the rate of council house building to its pre-1979 levels, but Mr Neil Kinnock's programme to reduce unemployment largely depends on finding jobs for construction workers. Labour would also oblige local authorities to spend the proceeds of council house sales on replacement and renovation. The Alliance would give them an unfettered right to do so.

Again, all three parties talk about tenants' rights, but only the Tories promise that local authority tenants may march off and choose new landlords. They would be able to do so individually if they rented houses and collectively if they rented flats. If enough of them were to take the opportunity, some councils would be left with few or no tenants. This is quite different from Labour's promise of a right to be consulted about rents and the like; even the prospect of "representation in the decision-making structures" for tenants' associations would leave local authorities with their estates intact. The Alliance offers statutory rights for council tenants to control and improve their houses.

The reasoning in favour of the relatively radical policy of the Conservatives is worth following. Point number one is that *there is no housing shortage* — not at least in terms of bricks and mortar. The number of dwellings in Britain first exceeded the number of households in the mid-60s; today the excess is around 1½m. Against that — point two — is that there are local shortages.

Public sector dwellings for rent: number of completions

	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87*
Local authorities	39,700	27,200	28,000	26,700	20,800	9,000
New Towns	7,800	2,100	1,100	1,600	600	300
Housing Associations (including rehab.)	27,000	26,500	30,300	28,900	21,200	9,500
Total†	74,700	55,900	59,700	57,500	42,600	18,800
of which percentage specialised dwellings‡	20.1	20.4	21.8	23.5	23.8	28.5

* First six months provisional. † Includes government department. ‡ New build for "elderly," and "chronically sick and disabled."

✻ Estimates of the stock in England are based on the 1971 and 1981 Censuses. Estimates for Wales and Scotland prior to 1981 are based on the 1971 and earlier Censuses. Dwellings figures are at end year and households at mid year. Households figures are estimates from household projections.

Knocking down the Labour monument

By Joe Rogaly

These need some explaining. The apparent national surplus includes second homes, unfit houses and buildings under repair. It also includes accommodation that lies vacant because of inefficiencies in the public sector — 110,000 council dwellings, say the Tories — or market inefficiencies in the tightly-regulated private sector — 550,000 dwellings, according to their manifesto. These factors constitute an artificial shortage. The Government believes that this shortage is a prime cause of labour immobility: people cannot move south for jobs because there are no homes available at rents they can afford.

Perhaps. What is clear is that the clamour for more housing can only be understood by a social rather than an economic analysis. For, on the demand side, the essence of the problem is that the number of *households* is growing more rapidly than the population. First, there are more pensioners: 10m in 1986 against 7.6m in 1961. Second, there are more divorces: 175,000 in 1985, more than four times the number in 1965. Third, more young people are living away from their parents (heaven knows how many). These are mostly one or two-person households; the national housing stock is still preponderantly made up of two or three-bedroom family houses.

In consequence, many of the pensioners, single mothers and the young come knocking on housing department doors. The young get fairly short shrift and either pass into the twilight world of accommodation rented outside the regulations, or swell the ranks of the homeless. The others jostle young couples with children on the waiting lists.

Many small local authorities cope with all this quite well. In the big cities their management has been a disaster. Last year the Audit Commission reported that 85 per cent of council dwellings in England alone need repairs and improvements, at an average cost of £5,000 each — totalling about £20bn. This figure might have been lower if the Government had not squeezed housing expenditure so hard. Some 57 per cent of single parent families in England and Wales are council tenants. Two thirds of households in receipt of supplementary benefit live on the estates, at rents that do not cover costs and are anyway paid by the state. Those who have a job are often in a tiny minority: the employment culture lies outside the ghetto.

Above all, it is in the worst of these estates that the welfare ethos has blotted out any other vision. There seems to be no escape. Since town hall regimes have failed, why not try a mix of housing action trusts, private landlords and, mostly, housing associations? Certainly the last-named are closer to the people and generally benign. They are well monitored by the imaginative Housing Corporation, which is even now experimenting with a scheme that adds £30 of government grant to every £70 in money raised privately for housing association schemes.

You could, therefore, regard the Conservative programme in one of two ways. The cynical view is that they dislike Labour councils being supported by captive Labour voters in city centres, or that they want to shake out those who can afford proper rents. The optimistic view is that the outgoing Cabinet genuinely believes that only when the ghettos are broken up will the potentially more enterprising of their wretched inhabitants move into the world of individual effort and reward. Either way, it is plain that a substantial "underclass" will remain. Labour and the Alliance are better than the Conservatives at recognising this and expressing concern about it. And Labour would almost certainly put higher subsidies into the welfare estates.

In the private sector the differences are less fundamental. All parties now support council house sales and mortgage interest tax relief, although Labour and the Alliance would restrict it to the standard rate. Labour still cannot stomach private landlords: leaseholders would be given an unfettered right to acquire their freeholds "at fair prices" and private tenants would be given a right to have their dwellings repaired.

The Conservatives would maintain the regulated market for existing private tenancies but, for future lettings, loosen the system of "assured tenancies" (on freely-agreed terms) and "shorthold," under which landlords could evict tenants at the end of the lease. They assert that this would bring to market many of the privately owned empty dwellings, but piecemeal deregulation, which has been attempted by most Conservative governments since the war, has not yet succeeded in reversing the receding tide of private dwellings to let. The main reason is probably landlords' fears of a reversal by a future Labour government.

It is the Alliance which wins the prize for bright ideas. Owner-occupiers and council tenants with a room or two to spare would be able to let them on terms that provided for relatively trouble-free repossession. Better yet, rental income up to £3,000 a year would be tax-free. This is more likely than any of the other private-sector proposals to provide a substantial increase in the number of affordable rentals for migrant workers and others; it would also enable many middle-class Alliance voters to afford a second Volvo.

The parties' manifesto proposals on housing, therefore, reflect their several visions of British society. The Conservatives undoubtedly aim at the biggest break from past practice.

Chris Sherwell profiles Fiji's Governor General

Defiance with a little help from the judge

ORDINARY people call him the G-G. His friends know him as "Pennie." This week he halted a military coup in its tracks and hauled his beautiful South Pacific island state back from the edge of disaster.

He is Ratu Sir Penaia Ganilau, Governor General of Fiji. His supporters say Lieutenant-Colonel Sitiveni Rabuka, who mounted the coup nine days ago, could not have taken on a more difficult opponent.

Yesterday's agreement involving the two men and the Great Council of Chiefs was clearly more of a compromise with Colonel Rabuka than the Governor General might have liked, and certainly painful for the Indian community. But it gives Ratu Ganilau what he wanted — a dismantling of the Colonel's military regime and the prospect of calmer times.

That is not to say that Ratu Ganilau did not waver under the intense pressure last Sunday evening. He came close to legitimising the coup by swearing in Colonel Rabuka as chairman of a new Council of Ministers.

But after the crucial intervention of Sir Timoci Tuivaga, the Chief Justice, he decided to stand firm in defence of the constitution. His tough position thereafter suggested he would stand or fall at his post. That befits his status as the Queen's personal representative and as an important Ratu (or chief) in the traditional ethnic Melanesian system.

It is also in line with the 68-year-old Ratu Ganilau's personal background and character. He has been a soldier, civil servant and a government minister and his sense of public duty has long subdued any political ambition.

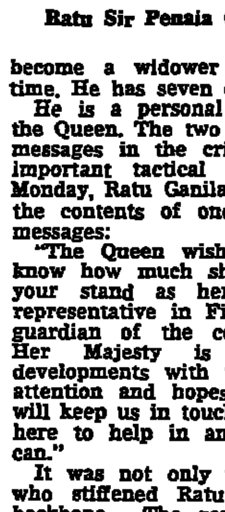
During the 1960s he was a member of Fiji's legislative council. After independence from Britain in 1970, he held a series of key posts, including Defence Minister, under Ratu Sir Kamesese Mara, the Prime Minister.

Although he eventually became deputy Prime Minister, he was no political threat to Ratu Mara. Things were different this week, for Ratu Mara, having lost last month's election, surprised everyone by accepting a role in Col Rabuka's post-coup Council of Ministers.

Ironically, Ratu Ganilau might never have become involved in this week's historic events had he followed his wife's suggestion that they retire to his estate on the island of Taveuni, north east of Suva. Certainly, when he accepted the governor generalship in 1983, he could not have foreseen such a test.

But those who know him had no doubt about the outcome of the extra-ordinary contest between his formalised, intangible authority and the naked, gunbarrel power represented by Colonel Rabuka.

His professional record suggests he has been a hard worker rather than an innovator. He married his third wife in 1985, having previously



Ratu Sir Penaia Ganilau

become a widower a second time. He has seven children.

He is a personal friend of the Queen. The two exchanged messages in the crisis. In an important tactical move last Monday, Ratu Ganilau revealed the contents of one of these messages:

"The Queen wishes you to know how much she admires your stand as her personal representative in Fiji and the guardian of the constitution. Her Majesty is following developments with the closest attention and hopes that you will keep us in touch. We are here to help in any way we can."

It was not only the Queen who stiffened Ratu Ganilau's backbone. The real hero of the piece in this respect was the determined, but soft spoken Chief Justice. As the Chief Justice awaited a call from Ratu Ganilau immediately after the coup, the Governor General was being told by others that his position had been suspended along with the constitution. Receiving no call, the Chief Justice took the initiative and sought an audience with the Governor to tell him otherwise.

Having received the Chief Justice's backing, Ratu Ganilau smuggled out tape recordings, one of which was broadcast on a local radio station. It was a vital development. In his gravelly voice, he called the seizure of power unlawful and said he was assuming executive power.

The action precipitated an open confrontation with Colonel Rabuka who, after intensifying the pressure relentlessly over three days, got himself sworn in. Significantly, the witnesses remain unidentified.

Again, the Chief Justice stepped in. Armed with a letter from the 11-member judiciary supporting the Governor General, he urged Ratu Ganilau to retreat and stand firm.

It worked. The Governor General refused further co-operation, and the following day broadcast an appeal for calm. An hour later he announced, in skilful wording, that he could not recognise Colonel Rabuka's illegal Council of Ministers.

Within 24 hours, Colonel Rabuka's coup was technically at an end as the burly 38-year-old officer finally accepted the Governor General's executive authority. Detained members of the ousted government were freed on Tuesday night.

The political crisis was not over, however. A tug of war began with Colonel Rabuka for the allegiance of the Council of Chiefs, which began meeting on Wednesday. Racial disturbances and sectarian violence broke out on the streets.

Yesterday Ratu Ganilau, having conceded something to Colonel Rabuka, secured most of what he wanted. Though at one level he has scored a political triumph, the real verdict will come in popular reaction. The outcome is chiefly a victory for Fiji's traditional, conservative forces.

This week's traumatic events have led to the country's first racial clashes. The wounds will take time to heal. For Ratu Ganilau, the urgent process of reconciliation will be a further test of fortitude. But, as he said in many of his appeals: "Be calm, be patient, and keep the faith."

Letters to the Editor

Following the money trail

From Mr J. Bowman

Sir,—I am writing as senior partner of Price Waterhouse about the article published on May 16 entitled "Following the money trail" dealing with the affairs of Guinness.

It is not my firm's normal policy to comment on the affairs of our clients and, in this case, public comment is also restricted by the present Department of Trade inspectors' investigation.

Certain statements in the article about Price Waterhouse are inaccurate, however, and may give a misleading impression. I am, therefore, writing to you, having obtained Guinness's consent to our disclosing certain information, in order to clarify our position.

Contrary to the statement in the article, it is not the case that during the relevant period Price Waterhouse "checked and approved informally the interim Guinness financial results." In fact, Price Waterhouse was asked to carry out certain work in relation to the unaudited second interim statement for the twelve months ended September 30 1986 which was published on December 10 1986. Our discussions with the company arising from this work made it clear that we had not conducted an audit or approved the statements and that our work and conclusions were limited to accounting matters raised with us.

Price Waterhouse was not "given a full list of the invoices and payments to the Guinness supporters during the bid as early as July." In fact, we did not conduct audit work in relation to the company's 1986 accounts until an audit team visited the head office in November 1986 to perform work in preparation for the main audit visit which was scheduled to commence in February 1987. Prior to that visit, such information as we were aware of with regard to bid costs was very limited and could not possibly have led us to conclude that breaches in the Companies Act had taken place or that improper payments had been made. It was not until the visit in November that we obtained a full list and copies of certain of the invoices relating to the controversial payments. These were passed to senior Price Waterhouse staff and we queried the payments with the then chairman, Mr E. W. Saunders, on November 25. He agreed that he would provide whatever explanation was required at a further meeting to be arranged for the following week. This meeting had not taken place when the DTI inspectors were appointed.

Your article implies that Price Waterhouse had spent accounting staff working full-time on the audit of Guinness during 1986. This is not correct. During 1986 and subsequently Price Waterhouse has, at times, seconded staff to Guinness to perform certain specific tasks unrelated to the audit and mainly resulting from the expansion of the group. None of the staff seconded to Guinness during 1986 carried out work in areas which could have resulted in their becoming aware of the payments.

In conclusion, and in answer to the questions posed in the article, let me say that I have no doubt whatever that, even if DTI inspectors had not been appointed, the payments concerned would have been fully investigated during the course of the audit and the facts would have come to light.

I appreciate the difficulties which arise in reporting on matters of this kind in circumstances where the parties involved are not in a position to make full statements. I believe, however, that it is important for us to seek to correct any misleading impression arising from the article.

J. H. Bowman
32 London Bridge St, SE1

Understanding requirements

From Judy Blackwell

Sir,—In pointing out (May 11 "Application often dictates choice") that software companies are seeking to combine packaging and custom building of software, you state that "all major software service companies have adopted the kernel approach to building customer systems."

Perhaps so. What is true is that many claims are made of such approaches but there is very little evidence yet of their resulting in the delivery of substantial, complex systems.

It is important that the technological cart is not—again—put before the business horse. Systems most often fail—in users perception and in fact—not because of the merit or otherwise of the underlying technology but because the business requirement is not properly understood or met.

Packages and kernels are only as good as the business experience which goes into forming them. So a number of questions need to be asked of those who claim either of these approaches. How many man years of business experience have gone into building the kernel or package? Can it be demonstrated as a stand alone product? Is the design automated and thus capable of being flexed in response to user needs and changes in business requirements? Can the system be targeted to any machine environment?

The new methodologies offer genuine hope of creating systems capable of operating efficiently with long life. But systems implementers who think that methodology is a substitute for business experience in the application area may do themselves and the business community at large an injustice.

Judy Blackwell.
(Senior Consultant),
BIS Applied Systems,
20, Upper Ground, SE1.

Assessing risks in travel

From Mr J. Raymond

Sir,—Comparing the risks associated with different forms of travel (May 19) is informative only if the comparison is made between practicable alternatives.

Whether it is statistically safer to travel a thousand passenger miles by air or by car is irrelevant to a passenger who has to cross the Atlantic. Similarly, statistics are meaningless unless short car journeys, where flying is not an alternative, are discounted in the calculations. A shopper or a commuter can no more choose to fly than a transatlantic traveller can choose to drive.

The only useful figures would be those which showed whether it is safer per passenger mile to travel by air or by car on journeys where there is a realistic choice — journeys of between, say, 100 and 1,000 miles over land. Like most useful figures, these are probably not available, so statisticians will carry on the argument about whether it is safer to fly or to drive from London to New York.

John Raymond.
18b Denmark Avenue, SW19.

Employment statistics

From Mr S. Green.

Sir,—Professor Layard's use of employment statistics (May 19) is somewhat strange.

For example, his figures show that in 1979 some 75.1 per cent of the people of working age in Great Britain had to go out to work to make ends meet. In 1987 only 70 per cent think it necessary. This is further evidence of increased per capita wealth.

Actually, of course, unless those not in remunerative employment were sampled by a suitable attitude survey this statement might be as false as the conclusion which Professor Layard draws from the same statistics. While no self-respecting actuary could use any of the statistics quoted in his letter to confirm or contradict his subjective conclusions, one does not have to be a feminist to protest at the suggestion that those not in remunerative employment are wasting "their lives and their talents."

S. J. Green.
2, Friars Lane,
Richmond, Surrey.

The bishops' debate

From Mr S. Green

Sir,—The group of Church of England bishops, led by Liverpool, Willesden, Stepney and Manchester, who find it possible to have a "moral debate" about homelessness, poverty and unemployment are saying more about themselves than about those whom they wish to question.

Although the bishops have model questions, they provide no model answers, and the Bishop of Willesden unwittingly shows that throwing money about is not an answer. Despite recent Government attention to inner cities, he says, "the situation there is just as dire as it was." I suspect that there is not one candidate standing for the major political parties who will not genuinely believe that the candidate's own party is the one with the right policies to help the poor in the three areas of debate claimed by the bishops.

Many of us in fact regard the problems of inner cities as arising from spiritual rather than material deprivation, and hold that a "moral debate" should actually be about "moral issues" such as respect for others and the lack of moral standards that leads to child abuse, such as easy divorce and abortion, public promotion of obscenity and homosexuality, the evil of human embryo abuse, and candidate's views of the relevance of christianity and its moral and ethical system to the modern world.

But knowing that it is simply not possible today to become a candidate of the major party of the left without championing abortion and homosexuality and denying the importance of marriage and religion, I suspect that asking how candidates intend to vote on the real "moral issues" would not produce the right answers for trendy, left-wing bishops. Or perhaps real moral issues do not matter to them any more.

Stephen Green,
Conservative Family Campaign.
45 West Hill Ave.,
Epsom, Surrey

Words and figures don't agree

From Mr M. Fitzpatrick.

Sir,—The Labour Party's manifesto proposes a wealth tax to be levied on the top 1 per cent of the population—equivalent in practice to the 200,000 most asset rich taxpayers.

Yet Mr Hattersley, the Shadow Chancellor, said on May 20 that the wealth tax would only affect "the Duke of Westminster and one or two others."

In electoral terms, the difference to the Labour Party between the figures "200,000" and "I plus one or two others" is probably not significant; the income tax plans which Labour has for the top 5 per cent should provide sufficient deterrent to certainly prevent the top 1 per cent voting Labour. What is more disturbing, however, is that the Shadow Chancellor should confuse such mathematically diverse figures in his mind; he surely owes it to all electors to clarify exactly which figure is correct.

M. C. Fitzpatrick,
16 Stafford Close, N.W.6.

Picking up bricks

From Mr R. Fisher

Sir,—I read with some interest the article (May 18) describing a brick shortage as a "threat to the housing upsurge" and highlighting in articular the problems faced by those seeking a particular pattern of brick to construct a home extension.

In my case, since moving into a newly constructed house some four years ago, I have been carefully exhuming each brick and concrete block that I have come across while cultivating my relatively modest piece of ground. I can now report that I have gathered together sufficient masonry to construct a sizeable extension in perfectly matched material.

I feel sure that if this practice were to be adopted nationwide current problems could be easily overcome.

R. Fisher.
6 Glebe Meadow, Overton,
Basingstoke, Hants.

Clay Harris considers F. H. Tomkins' latest acquisition

Aiming for growth in the US

F. H. Tomkins is going into the US with a bang.

Although the Walsall-based industrial holding company had already made a transatlantic debut with three small distribution companies in the US and Canada, the $112.2m (£67m) purchase of gunmakers Smith & Wesson, announced yesterday, gives it a high profile launching pad for further expansion.

The acquisition signals Tomkins' conviction that last year's takeover of Pegler-Hattersley, the much larger engineering group, has been well and truly digested. Contributions from Pegler should nudge Tomkins' pre-tax profits towards £30m in the year just ended, from £7.4m in 1985-86.

It is ready to move on to the next stage in the expansion which has increased its market value from £10m to nearly £300m in four years. The US will play a leading, but not exclusive, role in its immediate plans.

Tomkins yesterday celebrated S&W as an ideal vehicle for its US ambitions. "It's big enough to make a difference but it's not big enough to leave us vulnerable in any way," Mr Greg Hutchings, chief executive, said yesterday.

The brand-name recognition extends beyond the handguns, both revolvers and semi-automatic pistols, which are used by the G-men of the FBI as well as state troopers in 44 of the 50 states.

It has the single largest share of the US market, with 30 per cent. More than two-thirds of its handguns are sold to individuals.

S & W is also the leading manufacturer of handcuffs, with 40 per cent of the US market, and owner of the Identi-Kit facial image system used by police to construct likenesses of suspects. It runs its own police training academy at Springfield, Massachusetts.

Tomkins also praised the company's stable earnings pattern, although down from exceptional levels in 1981-83, 14m dollars in each of the three have bumped along at about years to June 30, 1986. This followed two years of profits at the $22m level, a period described by Tomkins as exceptionally profitable because of a high demand.

Its turnover last year of $116m still had not recovered to the $121.6m level of 1981-82, but was on the way up from the $100.8m trough in 1983-84.

S&W order books are at encouraging levels, Tomkins said yesterday, and the company's performance had been satisfactory in the current year. It had net tangible assets of about $47.6m at the end of the last financial year.

Mr Hutchings feels confident that Tomkins' industrial background and its ability to pay cash clinched the deal after long and arduous negotiations with Goldman Sachs, who handled the sale for Forstmann Little, the investment partnership behind the leveraged buyout which created Lear Siegler Holdings last year.

The ability to pay cash also reflects, however, the recovery in Tomkins' share price from weakness at the end of 1986. Existing shareholders will be able to claw back all of 18m shares placed yesterday at 258p.

Subscription is based on two new shares for every 15 ordinary shares already held, one for every 16.875 convertible preference shares and one for every £6.85 in convertible loan stock.

The shares were placed by County Bank through stockbrokers Cazenove and Chase Manhattan Securities.

ALTHOUGH the US firearms industry is just a tiny business, the gun has always been a quintessential symbol of the American legend.

The foreign takeover of America's biggest handgun manufacturer, albeit worth a mere $112m, may have a greater sentimental value than, say, the recent purchase of Chesebrough-Ponds by Unilever for thirty times that sum.

Despite popular belief outside America, the political pull of the gun lobby cannot be explained in terms of the financial firepower of the US gun manufacturers. Mr Bob Lesmeister, managing editor of American Firearms Industry Magazine estimates that well over 70 per cent of the sales are made to private gun enthusiasts, with the rest going to police departments and the armed forces. Even more astonishingly, he reckons that 60 to 70 per cent of American families have a working firearm of some kind in their home.

But the total value of the US handgun market, of which Smith & Wesson supplies about 30 per cent, is only around $250m. And most of the leading US gun companies have long since declined, like Smith & Wesson, to the status of tiny components in large conglomerates.

US handgun imports are now more than double exports, having been almost equal in the late 1970s. Between 1981 and 1985 import penetration has increased from 11 per cent to 13 per cent in handguns and from 11 per cent to 19 per cent of rifles.

In 1985, 1.55m handguns were produced in the US, according to the Bureau of Alcohol, Tobacco and Firearms, 39 per cent down on the 2.5m output in 1981, while US exports have fallen by 62 per cent to 94,814.

and cash flow which would help to fund future US acquisitions.

The deal should bring some stability to S & W, which has been passed from hand to hand like a contraband *pistol* in recent years.

Tomkins will be its fourth owner since 1984, when its parent Bangor Punta was taken over by the conglomerate Lear Siegler, which in turn fell prey to a leveraged buy-out last year.

This period has coincided with a plateau in pre-tax profits which

GrandMet buys RHM offshoot for £20m

By Alice Rawsthorn

Grand Metropolitan, food, drink and hotels group, is to acquire Dairy Produce Packers, cheese and butter manufacturer, from Ranks Hovis McDougall for £19.5m cash.

DPP will be integrated within Express Foods Group. The company, which supplies both the retail and fast food industries, produces natural and processed cheeses from two plants in Northern Ireland and packs dairy products at its Glasgow base. In its last financial year, to August 30, it produced trading profits of £1.8m on turnover of £63m.

Express Foods is in an expansion programme, diversifying into related food businesses. It recently acquired a Cheshire cheese producer, but DPP is its first substantial foray into the cheese market.

Mr Chris Chamberlain, commercial director, said that the acquisition was a "logical step" within the group's overall strategy. After completion DPP will retain its present management structure, but Express intends to use its marketing and distribution resources to strengthen the business and to introduce new brand names.

Express Foods is looking for further acquisitions servicing "added value consumer markets" within the dairy and food industries. The group has identified several suitable opportunities but is not likely to conclude any purchases in the short term.

RHM said that it was selling DPP because its was incompatible with its core foods activities, which centre on packaged grocery goods such as cakes, bread and flour. It did not envisage any further rationalisation of its foods interests.

Birmid pays £13m for New World and Vitreous Enamels

BY STEVEN BUTLER

Birmid Qualcast has reached agreement to purchase TI New World and TI Vitreous Enamels from TI Group for a price of £13.4m initially, and a deferred consideration of up to £1.5m. An additional £5.2m of New World Group loans owing to TI would be repaid upon completion.

The sale represents a further step for TI in its announced strategy of shedding its once-extensive appliance business and concentrating on international engineering. Mr Christopher Lewinton, TI chief executive, said the sale would release funds for further development of the international engineering business.

For Birmid Qualcast, the aquisitions take it further away from its traditional concentration on foundry and engineering businesses. Mr Alan Emson, finance director, said yesterday that over 80 per cent of Birmid's turnover now came in the area of consumer products, representing a sharp transformation for the group that began about 18 months ago.

New World manufacturer gas cookers, ovens and hobs, with about 27 per cent of the UK market for free-standing gas cookers and an annual turnover of £44m. Vitreous Enamels manufacturers the main raw material for the enamelling process, and supplies one third of its annual £1.4m of turnover to New World.

Birmid says it plans to expand New World's product range and increase investment in modern manufacturing techniques and facilities.

"New World has the capacity and technology that can be applied to a wider range of products," said Mr Emson, indicating that Birmid intended to exploit resources that TI had left untouched. Mr Emson also said that New World would complement Birmid's existing consumer-oriented businesses where it has acquired manufacturing and marketing expertise.

Birmid will pay for the New World and Vitreous Enamels acquisitions with cash payment of £77,000, and the issue of 6.3m new Birmid shares to raise £13.3m net. The shares are being placed with institutional and other investors and offered to Birmid Qualcast shareholders by S G Warburg and Cazenove at 215p per share, with the acquisition conditional on successful placement of the shares. Birmid's shares rose 4p to close at 230p yesterday.

Cullen's losses go up by over £1m to £2.6m

Cullen's Holdings, grocery, wines and spirits retailer, incurred increased losses in the year to March 1 1987. At the pre-tax level, the loss was up from £1.56m to £2.62m.

The directors stated that the results were in part as a result of the rapid development, with 29 convenience stores being opened, making a total of 43, with the associated negative impact on profits principally due to trading losses incurred in the first six months of trading. They believed that the trading position would improve in the present year.

A significant number of sites were now trading effectively and satisfactory progress was being made in financial and operational controls and planning. Several other sites were judged not to have sufficient longer-term potential to justify their retention.

Four stores had been closed and a small number of others were under review for closure dependent upon future trading performance. Several changes would be made at board level. In particular the directors would seek to appoint a non-executive director with relevant retail experience. Mr D. I. Claxton would resign as deputy chief executive and as a director with effect from May 29 1987.

Turnover last year fell from £22.4m to £20.72m excluding VAT cost of sales was £16.48m (£18.39m) and gross profits were up from £4m to £4.29m.

The trading loss amounted to £2.33m (£1.23m). There was no tax charge (£67,000 credit) and there was a debit of £76,000 (£776,000) for extraordinary items.

In previous years costs associated with store openings had been written off over three years. The directors had decided that this policy was not appropriate and all such costs were written off as incurred. This adjustment wrote off costs which had previously been deferred.

There was a loss of 13.9p per share based on weighted average (13.2p adjusted) dividend has yet been paid and the directors said that satisfactory returns to shareholders and therefore payment of dividends were dependent on continuing to expand the company's retail base in the longer term.

See Lex

Sedgwick standstill

Sedgwick Group, Britain's largest quoted insurance broker, yesterday announced its results for the first three months of 1987 and showed a 14.5 per cent increase in revenue from £168.3m to £192.7m but pre-tax profits were virtually at a standstill at £53.5m compared with £52.3m.

Mr Carel Mosselmans, chairman, said reduction in rating levels, which was particularly marked on the property side in the US, had adversely affected the results. The profit contribution from North American operations was further adversely affected by the weakness in the US dollar.

Mr Mosselmans said, however, that the co-ordination and merging of the North American businesses was going well. Increased business was being developed by close co-operation between the North American operations and the companies based in London and elsewhere around the world.

A slightly lower proportionate tax charge—£18.9m against £19.2m—left earnings of £34.6m compared with £33m (after charging £100,000 of minority interests) which translated in earnings per share of 8.1p (8.9p, restated for the September 1986 rights issue).

The group has a contingent liability of £10m in respect of its contribution to the Lloyd's PCW settlement in the event of a sufficient proportion of the names involved agreeing to the Lloyd's proposals. This will be treated as an extraordinary item.

Riley recommends Midsummer

Riley Leisure, Britain's leading snooker group, yesterday recommended a £16.4m takeover bid from Midsummer Leisure after the pub, disco and shopfitting group added another £1.3m to the cash pot. The decision, however, split the Riley board.

Although Midsummer increased the cash alternative from 75p to 82½p, it left unchanged the three-for-13 share terms announced on Monday. The latter values Riley shares at nearly 96p, against yesterday's market price of 98p, down 11½p.

After the recommendation, Midsummer speaks for 11 per cent of Riley shares.

Riley makes and services snooker tables as well as operating 66 snooker clubs in Britain and two in Belgium. It made two unsuccessful forays into the fitness-equipment market.

Its board accepted the bid with reluctance, and Mr Bill Abbey, a non-executive director since before Riley was floated in 1974, refused to endorse the decision.

"I'm not convinced that the offer from Midsummer was the best that could be obtained," Mr Abbey said yesterday. "I don't think that anything should be done to deter any would-be bidder."

The increase in the cash offer had been conditional on winning the board's recommendation and Mr Abbey, who is also deputy managing director of William Hills, the betting group, did not think that Midsummer's terms adequately reflected the recovery prospects at Riley.

"There isn't any real logic behind what he's saying," Mr Adam Page, Midsummer chairman, replied yesterday. He said that Mr Abbey was acting only in his own interest.

Midsummer had been approached, he said, by Corton Beach, the mini-conglomerate quoted on the Third Market, with a proposal that the latter mount an agreed reverse takeover of Riley and then sell its snooker clubs to Midsummer. Mr Page dismissed this "Walter Mitty deal."

Mr Mike Keen, Corton Beach chairman, confirmed that such a deal would have been attractive "but it patently wasn't possible. It's dead as far as I'm concerned."

Mr Alan Deal, Riley chairman, yesterday still had not given up hope that another player might appear on the scene. "It's a fair offer but that doesn't mean that if something else comes along we wouldn't consider it," he said.

Midsummer was advised by Hambros, Riley by Hill Samuel. Midsummer shares added 2p to 414p.

Ratners in new plan to acquire CES jewellers

By Clay Harris

Ratners, jewellery retailer, still hopes to snatch victory from the jaws of apparent defeat by reaching an arrangement to buy Combined English Stores' jewellery shops

Although Next, clothing and home furnishings retailer, supplanted Ratners as the agreed bidder for the whole of CES earlier this month, with an offer valuing the group at £333m, Ratners is engaged in talks with several parties to see if it can find some way to add CES's 360 jewellery outlets to its own 600 shops.

This could take the form of an agreement with Next or the mounting of a new rival bid with a partner interested in other parts of the 900-store CES empire.

Sears, retail group which includes Selfridges, Mappin & Webb and shoe shops such as Roland Cartier, Saxone and Dolcis, this week had absolutely no comment on suggestions that it might link up with Ratners.

It does appear likely that the right offer for the jewellery shops or CES's travel division might budge Next from its public position that only Allens, chemists chain, would be sold.

The barrier facing any new bid is not so much the prospect of convincing CES to shift its allegiance again as is Next's commanding position with a 17 per cent stake

CES shares added 2p to 419p yesterday. This compared with the 433p value of the share offer from Next (up 6p to 354p) and the 394p value of that from Ratners (unchanged at 375p). The respective bidders are offering cash alternatives of 386p and 341.25p.

CSI in £7.7m purchases

BY STEVEN BUTLER

Cannon Street Investments has once again fed its ravenous appetite for small, growing companies with an announcement yesterday that it had acquired Olivers Windows and Photo Circuits, for £4.5m and £3.2m respectively.

Olivers Windows is a manufacturer and installer of double glazing units in the Midlands, with manufacturing facilities in Coventry. It also designs, manufactures, and installs fitted kitchens in Coventry. Pre-tax profits have risen from £36,000 in 1982 to £940,000 last year, on a turnover of £5.9m.

The £4.5m purchase price has been satisfied with 1.94m new ordinary shares, of which 193,500 are to be retained by the vendors, with the balance placed by SG Warburg at 305p per share, raising a net £3.9m. Additional considerations of up to £9.5m may be payable depending on Olivers' profits in the three years to December 1989, while repayment may be required if profits fall below £940,000.

Photo Circuits produces photographic images for the manufacture of printed circuit boards, and is said to have about 20 per cent of the UK market. In the last five years pre-tax profits have risen from £179,000 to £633,000.

The acquisition is conditional on the receipt of tax consents. Some 1m new Cannon Street shares will be allocated for the purchase, with the vendors to retain 9,836 shares and a conditional placement by Warburg at 305p per share, raising net £3.1m.

Bid speculation in Coates Bros

BY TERRY POVEY

Mr John Youngman, chairman of Coates Brothers, told shareholders at the ink and resin company's annual meeting on Thursday that first-quarter trading had been well ahead of that in 1986 and that substantially increased first-half profits could be expected.

Over the last week the price of Coates A non-voting shares has risen to 253p from 219p Part of this rise came in response to the positive tone of its chairman's remarks on current trading.

Another factor in the recent rise has been speculation as to the intentions of Adelaide Steamship, the Australian food, retailing and investment holding group run by Mr John Spalvins.

Until Wednesday, AdSteam held a 2.44m or 14.3 per cent of the ink group's non-voting shares and 6.07m or 25.97 per cent of the voting stock. Just under half of Coates' voting shares are family owned.

At an extraordinary meeting of Markheath Securities on Wednesday, the small property company's shareholders agreed to an £18m subscription scheme by which AdSteam acquired a 49.6 per cent stake and Mr Spalvins was elected Markheath's chairman.

The property company's shareholders also agreed to the acquisition of AdSteam's stake in Coates for £17.7m — almost exactly equal to the amount raised from the share subscription — enabling the Australian group to realise the £7m capital gain on its Coates investment.

Dale forecasts £1.1m in bid to defeat Sunleigh

By Martin Dickson

Dale Electric, which is fighting a takeover bid by Sunleigh Electronics, yesterday issued the latest broadside in its defence campaign with an estimated turn-round from losses of £960,000 in 1985-86 to pre-tax profits of £1.07m in the year to May.

On turnover up from £38m to £40m, estimated earnings per share total 5.1p (loss of 10.1p) and the forecast dividend is 3.5p, against 3p.

In a letter to shareholders, Dale hit out at Sunleigh, saying it had provided no evidence it could contribute to Dale's recovery other than "the risk of more acquisitions which would spread the unproven management of Sunleigh even more thinly."

But Sunleigh's chairman, Mr Tony Merryweather, said last night that the profits estimate must be very disappointing to Dale shareholders.

David Thompson shares in Conrad's restructuring

BY ALICE RAWSTHORN

Conrad Holdings, the exhibition contracting group yesterday unveiled details of a financial restructuring package whereby two new investors—one of whom is Mr David Thompson, co-founder of Hillsdown Holdings—will acquire a holding and it will raise £1.42m in a one-for-two rights issue.

Mr Thompson has agreed conditionally to acquire 2.5m new shares in Conrad for 50p a share, as has the family interests of Mr Roger Abraham, managing director of Chase Investment Bank. After completion the two new investors will control 20 per cent of Conrad's equity.

Both Mr Thompson, who recently sold half his stake in Hillsdown for £144m, and Mr Abraham intend to treat their holdings as long term investments. Neither will assume a seat on the board, nor participate in the management of Conrad.

When Mr Thompson bought a holding in Glentree, a small firm of estate agents on the USM, last week that company's share price more than doubled in a day. The Stock Exchange suspended Conrad's shares, which have risen by 30p in the last week, at 102p yesterday.

Conrad also announced proposals for a rights issue in which it will release 2.85m shares at 50p each. Once the refinancing package is completed the company intends to expand through acquisition within the exhibition contracting field and in new areas, such as property.

Conrad was formed in 1985 when Russell Brothers, a small fully listed company, acquired the EGC Construction Group, an exhibition contractor. Russell, a long-term loss maker, has since been sold. Two weeks ago Conrad announced its 1986 preliminary results with pre-tax profits of £483,000 (£345,000) on turnover of £7.0m (£6.95m).

Aran Energy raising I£11m

Aran Energy, Dublin-based oil and gas exploration and production company, is to raise about I£11m (£9.85m) through the placing of 24m shares at 46.5p. The proceeds will be used to finance continuing programmes of exploration and appraisal, particularly for the further appraisal of the Alba Field in the North Sea.

Shareholders can take up to 28.7 per cent of the placing on a 1-for-20 basis.

The company added that preparations were being made for a Stock Exchange listing. At the moment it is unquoted.

In 1986 pre-tax profits fell to £464,000, against £2.58m, on turnover down at £23.48m (£31.66m). Directors blamed the fall in the oil price.

Ladies Pride defeats board move

Ladies Pride, the textiles group, yesterday defeated an attempt by dissident shareholders to get four new directors appointed to the board at an extraordinary general meeting.

The board said it intended to continue its stated policy to improve the company's performance and in particular would be pursuing discussions with a successful UK textiles group with the objective of creating a larger textiles business.

ISSUE NEWS

BY RICHARD TOMKINS

Neutronics valued at £31.3m

Neutronics Technology, a company making gas detection and analysis instruments, is coming to the stock market through a placing which will value it at £31.3m.

The company is based in Bishop's Stortford, Herts. It was founded by Mr Paul Gotley, now the 61-year-old chairman and chief executive, in 1973, and now employs 270 people.

The main markets for its products are in safety and energy conservation. Its Exotex range of hand-held instruments are used by workers in confined spaces such as sewers, tunnels and mines.

Neutronics' prospectus shows pre-tax profits rising unevenly from £286,000 in 1982 to £1.2m in the year to last September. The 1983 figures were hit by competitive pressures and losses in North America, and the 1985 figures were affected by product development costs.

The 1986 figures include an extraordinary item of £422,000 in provisions against possible costs arising from legal action over the alleged infringement of product patents.

For the current year, the company is forecasting pre-tax profits of at least £2.6m. Hoare Govett, the stockbrokers, is placing 6m shares at 130p each, so the prospective price/earnings multiple is 17.2.

The issue will raise £7.8m of which £3.8m will go to existing shareholders mainly the Gotley family. Mr Gotley's 34-year-old daughter is group operations director and his 60-year-old wife is purchasing director.

The £3.6m remaining to the company net of costs will help finance the building of new offices and factory space.

Pickwick shares heavily rationed

A SEVERE rationing of shares in Pickwick, the record company, has been made necessary by the heavy oversubscription of its £8.5m offer for sale.

N. M. Rothschild, the merchant bank sponsoring the flotation, confirmed yesterday that more than 95,000 applications had been received for 55 times the number of shares available.

In order to keep the company's share register down to a manageable size, all but 6,000 of these applications will be rejected in a ballot.

The ballot will be weighted so that larger applicants tend to stand a better chance of success than smaller ones. At the bottom end of the scale, applicants for the minimum number of shares will stand only a one-in-40 chance of success.

Successful applicants for 400 to 1,000 shares will receive 200; for 1,500 to 5,000, 400; for 6,000 to 10,000, 600; for 11,000 to 20,000, 800; and for 25,000 to 50,000, 1,000.

Applicants for more than 50,000 shares will not be subject to a ballot. They will receive 2 per cent of the number sought to a maximum of 50,000.

Employees applied for 343,000 shares and their applications will be met in full.

Letters of allotment will be posted next Thursday and dealings begin the following day. A large premium is expected.

BDA comes to market with a £12m price tag

BDA Holdings, a London housebuilder, is to become the latest in a series of property companies to seek a stock market listing.

Brown Shipley, the merchant bank, is placing 2.3m shares in BDA at 132p each, giving the company a market capitalisation of £11.95m. All the net proceeds after costs are going to the company.

BDA undertakes residential and commercial development through its subsidiary Weldon Leigh, and also provides professional consultancy services to the construction industry through its subsidiary Brian Duker Associates.

Most of its developments are for housing in the London area, where the emphasis is on houses in the £40,000 to £60,000 range for the first-time buyer. Weldon Leigh uses BDA's consultancy services for most of its developments, while construction work is put out

The prospectus shows pre-tax profits rising from £109,000 in 1983 to £971,000 in the year to January 1987. The shares are being placed on an historic price/earnings ratio of 14.3.

Phoenix takes 10% of Sabre

By David Lascelles, Banking Editor

Phoenix Securities, the newly-acquired investment banking subsidiary of Morgan Grenfell, has taken a 10 per cent stake in Sabre Securities, a privately-owned investment management company. The cost of the stake is not being disclosed.

Sabre claims to be one of the largest European investment management companies specialising in the futures markets. It has about $20m (£12m) under management. Mr Peter Swete, joint managing director, said the investment by Phoenix would give Sabre access to advice and financial resources.

The deal was already close to conclusion when Morgan Grenfell bought Phoenix last month under an arrangement whereby Phoenix's founder, Mr John Craven, became Morgan's chief executive.

Antler

Antler, the USM-quoted luggage company floated off by its privately-owned parent Harris & Sheldon last year, yesterday reported that H & S had bought 117,000 Antler shares, representing 1.99 per cent of Antler's total equity. H & S's holding is now 42.3 per cent.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
§180	F.P.	15/5	218	189	Airtours 10p	218	.....	R5.4	2.5	3.4	15.9
§115	F.P.	20/5	165	128	Bellwinch 10p	162	+4	R3.2	3.7	2.6	13.6
§77	F.P.	30/4	105	96	‡Bonded Laminates 10p	105	+2	L2.4	2.4	3.1	18.4
§115	F.P.	8/5	172	135	Brooks Service Group	172	+2	L3.8	2.2	2.9	18.8
§80	F.P.	8/5	260	150	‡Burford Group	247	.....	u1.2	3.2	0.66	63.6
‡‡	F.P.	—	440	400	Calor Group 50p	430	.....	‡12.0	2.6	3.8	13.7
130	F.P.	8/5	135	129	Cambridge Instru. 5p	130	+1	R0.7	8.8	0.7	14.8
§55	F.P.	12/6	98	68	‡Cambridge Isotope	85	.....	R20.9	—	0.65	—
§208	F.P.	11/5	242	211	‡Castle Comms. 5p	242	.....	R7.0	2.2	4.0	15.4
§185	F.P.	—	230	210	Chemoxy Intl.	230	+5	L4.9	2.7	2.9	16.2
—	F.P.	—	15	10	ChildHealthRes. Wts	15	.....	—	—	—	—
115	F.P.	8/5	140	114	Church (Charles) 5p	135	.....	R2.75	3.10	2.7	16.1
§125	F.P.	—	185	145	‡Colorgraphic 10p	173	.....	L3.0	2.8	2.4	20.1
‡‡	F.P.	—	300	284	Contibel 50p	285	+1	‡8.0	1.6	3.8	21.5
§130	F.P.	22/5	158	145	Cooper (Alan) 10p	158	+8	L4.0	2.5	3.5	15.9
§125	F.P.	29/5	154	143	Cordell Group 10p	154	.....	W3.19	3.1	2.8	15.8
§135	F.P.	29/5	180	138	Doeflex 10p	180	.....	L3.45	2.50	2.6	20.8
‡‡	F.P.	—	128	81	ERA Group 5p	128	.....	W	—	—	64.0
§155	F.P.	15/5	225	170	‡Epwin Group 10p	225	.....	L4.0	2.6	2.4	22.0
§120	F.P.	29/5	181	160	‡Filofax 5p	180	.....	u2.7	2.8	2.0	24.1
§76	F.P.	—	99	76	‡GC Floor & Furn's	92	.....	L1.95	2.8	2.9	16.9
§112	F.P.	1/5	145	115	‡HoneysuckleGr'p2p	145	.....	R4.1	2.5	3.9	14.1
§120	F.P.	24/4	240	185	Mallett 5p	238	.....	u3.0	3.1	1.8	25.0
§120	F.P.	29/5	127	120	‡March Group 5p	121	.....	L4.2	2.4	4.6	11.9
§114	F.P.	24/4	360	225	Mercury Asset Mgmt. 5p	360	.....	R5.0	4.0	1.9	18.0
‡‡	F.P.	—	£21½	£20	Noble Corp Pfd.	£21¼	.....	—	—	—	—
§106	F.P.	—	120	113	‡Orchid Technology	118	.....	RQ2.57c	5.2	1.4	13.7
§83	F.P.	—	95	88	Practical Invt.	94	−1	—	—	—	—
§55	F.P.	3/6	88	64	‡RKF Group 10p	86	.....	u2.19	2.4	3.5	14.9
§140	F.P.	1/5	193	163	‡RelianceSecGroup5p	193	+5	b4.5	2.5	3.2	17.5
170	85	—	154	128½	Rolls-Royce 20p	146	+1	W4.99	2.7	2.9	14.0
§135	F.P.	—	232	163	‡Select Appts. 5p	233	.....	L2.5	2.8	1.5	33.3
§125	F.P.	—	170	155	‡Sharp & Law 10p	162	.....	u3.0	2.4	2.5	22.2
125	F.P.	15/7	260	230	‡Sock Shop Intl. 5p	230	−9	R1.35	3.8	8.0	44.5
§125	F.P.	2/6	165	158	‡UCL Group 5p	160	.....	u2.9	2.8	2.1	22.6
§140	F.P.	15/5	212	171	Waterglade Intl. 5p	212	+2	R3.25	3.5	2.0	17.5
‡‡	F.P.	—	£21½	£20¼	Whirlpool $1.0	£20¾	.....	—	—	—	—
130	F.P.	16/5	151	134½	Wilson Bowden 10p	146	.....	L3.4	3.0	3.2	14.3
§120	F.P.	29/4	305	145	‡Wyevale Gdn. Cen. 50p	305	+5	u2.63	2.8	1.2	41.4
§133	F.P.	22/5	148	136	YRM 10p	148	.....	R4.41	3.5	2.2	17.0

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or −
§100	F.P.	—	117	111	Barham Grp. Cnv. Red. Prf. 10p	116	.....
103.09	£10	25/6	13½	13	East Anglian Water 7% Red Prf 1996/98	13½	.....
‡‡	F.P.	—	125	113	‡Ecotric 12¼% Cnv. Uns. Ln. 1988/90	120	+2½
—	F.P.	29/5	111¼	109	Ess.&Gen.Inv.new11¼%1stMt Deb2018	111¼	+¼
—	F.P.	—	101p	96½p	Friendly Hotels 4¼% Cnv Cum Red Prf £1	101p	+1¼
—	£25	28/8	26½	24¼	Gt. Portland Ests. 9½% 1st Mt. Db 2016	24¼	−⅜
§100.156	£30	13/8	35¾	30¼	Land Securities New 10% 1st Mt Db '25	33¼	−¼
§99	£10	29/7	10½	9½	Mid-Sussex Water 10% Red Deb 2015/17	10½	+¼
—	F.P.	—	102	98	Nationwide 9¼pc 3.5.88	101	+¼
—	F.P.	—	101	99½	Do. 8⅞pc 23.5.88	100	−1
—	£25	11/11	25¼	24¼	North Housing Assoc. 8¾% Gtd Ln 2027	24½	+¾
§95.221	£25	21/10	26	24¼	Peachey Property 9½% 1st Mt.Deb.2015	24¾	−¼
§100	F.P.	—	114p	109p	Peel Hldgs. 5¼pc Cnv. NV Prf. £1	114p	.....
—	£40	13/8	39¾	39¼	Do. 9⅜pc 1st Mt. Deb. 2011	39¾	−¼
‡	Nil	31/7	46pm	38pm	Priest Marians 8¼pc Cnv.Uns.Ln.2000/03	93pm	−5
§98.221	£25	9/10	26¼	24½	Scot. Eastern Inv.Tst. 9⅞% Deb 2020	24¼	+¼
§98.09	£25	1/9	27½	25¾	Vaux 9⅞% Deb. 2015	27½	.....

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −
340	Nil	—	34pm	22pm	Assoc. Book Publishers 20p	34pm	+8
43	Nil	10/7	15pm	11pm	Blackwood Hodge	13pm	.....
180	Nil	—	23pm	14pm	Crowther (John)	18pm	+4
154	Nil	3/7	22½pm	11pm	Fisher (A.) 5p	15pm	+1
17	Nil	23/6	13pm	10pm	Gold & Base Metal 12½p	13pm	+1
‡	Nil	29/5	62pm	45pm	Inv. in Success Wnts.	62pm	.....
110	Nil	—	19pm	15pm	Phoenix Timber	19pm	+1
215	Nil	—	22½pm	18pm	Scottish Heritable Tst.	22½pm	+½
105	Nil	—	43pm	23pm	Tyzack (W.A.) 10p	36pm	+1

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Dividend and yield based on prospectus or other official estimates for 1986/7. H Dividend and yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures r Indicated dividend; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‡‡ Introduction. ** Issued by way of capitalisation. § Placing price. ¶¶ Reintroduced. ‡‡ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.

APPOINTMENTS

Managing director of Vickers Shipbuilding

Mr Bill Talford has been appointed managing director of the newly-formed fleet support division of VICKERS SHIPBUILDING AND ENGINEERING at Barrow-in-Furness. He was managing director of Cifer, Melksham-based computer terminal manufacturer. Vickers Shipbuilding and Engineering is a subsidiary of VSEL Consortium, and has no connection with Vickers.

★

J. E. REYNOLDS & CO has appointed Mr Martin Emm as sales and marketing director. He joined from DRG Sellotape where he was sales and business manager.

★

Mr Brian Wood, previously a director and senior investment manager at Morgan Grenfell Investment Management Company, has been appointed a director of SCHRODER INVESTMENT MANAGEMENT.

★

CONTINENTAL ILLINOIS CORPORATION has appointed Mr Paul R. Gilliland as vice president in the London branch controller department.

★

C. E. HEATH has appointed Mr Michael H. Hughes as managing director of C. E. Heath (Aviation) and C. E. Heath (Aviation Reinsurance Broking).

★

Mr Stephen Dunford has been appointed to the board of MITCHELL COTTS as international and transportation director. He was group managing director of Rotaflex.

★

Mr Brian M. Cowley, chairman of Jeavons Engineering, has been elected president of the SOCIETY OF BRITISH GAS INDUSTRIES.

★

HILDITCH & KEY, Jermyn Street shirtmakers, has appointed Mr Stephen Marfleet as managing director of both Hilditch & Key and Coles of Sloane Street. He will take over the day-to-day responsibilities from the present managing director, Mr Alex Finch, who becomes chairman. Mr Marfleet was with the Prestige Group, where he was group marketing director and a director of Prestige UK.

★

Mr John Davis, a senior local director of Barclays Bank in South Wales, has been appointed non-executive deputy chairman of the BIRD GROUP. He will continue as an advisory local director with Barclays in South Wales.

★

Mr Barry J. Spencer, chairman of Parkland Textile (Holdings), has been elected as the BRITISH TEXTILE CONFEDERATION'S president.

★

ALEXANDER STENHOUSE UK has appointed Mr Bryan Bell as director of London operations (administration); Mr William Campion as director, major City clients; and Mr Larry E. Maxted as director, central insurance services (marketing).

★

Mr Jamie Borwick has been appointed chairman of the BSA FOUNDRIES GROUP, in place of the late Mr Dennis Poore. This appointment is coupled with becoming managing director of Manganese Bronze Holdings.

★

Mr Alan P. Weaver has been appointed operations director of NU-WAY, part of the Wolseley group. He was manufacturing director at Hindle Cockburns.

★

ANGLIA TELEVISION'S sales director, Mr Tim Wootton, has been appointed to the new post of group marketing director. His deputy, Mr Malcolm Wall, will take over as sales director.

★

Y. J. LOVELL (HOLDINGS) has appointed two non-executive directors. Mr G. W. Taylor will join the board on June 1. He retired recently from the posts of group chief executive and vice chairman of Midland Bank, and is chairman of Daiwa Europe Finance, a member of the international advisory council of Wells Fargo & Co, and a member of the review committee on banking services law. Mr D. H. White, who will join the board on October 5, is currently deputy chairman of the National Freight Consortium and group managing director of NFC Property Group.

★

CULPEPER has appointed Mr Martin Bevan to be financial director and Mr Peter Hylands as a non-executive director.

★

Mr Robert Spray has been appointed group finance director of BUPA.

★

Mr Paul Thimont has been appointed finance director of ENGLISH & OVERSEAS PROPERTIES, a wholly-owned subsidiary of Pentos. He was controller.

★

Mr Chris R. Masters has been appointed head of public affairs for NATIONAL WESTMINSTER BANK. Since 1985 he has been senior international executive for energy and natural resources, corporate financial services, international banking division, and succeeds Mr Trevor Adamson, who becomes deputy regional director of the bank's Manchester-based north region.

★

Mr William Doughty is to join the board of the HUNTING GATE GROUP as a non-executive director. Chairman of the North West Thames Regional Health Authority, he was formerly managing director of Cape Industries. He is also deputy chairman of Britannia Refined Metals, a subsidiary of Mount Isa Mines of Australia.

ECONOMIC DIARY

MONDAY: Spring bank holiday. EC Civil Protection Council meets in Brussels. Start of two-day meeting of EC Foreign Council in Brussels. Informal meeting of the EC Interior Ministers in Belgium. Soviet leader Gorbachev visits Bucharest (until May 27). French President Mitterrand visits Canada (until May 29).

TUESDAY: EC Social Affairs Council meets in Brussels. Irish referendum on the Single European Act. British Coal publish results. Nato Defence Ministers begin two-day meeting in Brussels. Morgan Grenfell annual meeting.

WEDNESDAY: New construction orders (March). General election nominations close. Guinness annual meeting. National Association of Head Teachers annual conference in Newcastle (until May 29). International Federation of Air Traffic Controllers meet in Nairobi (until May 30). Aims of Industry conference "True rate of employment" at Waldorf Hotel, WC2. Results of Irish referendum to permit ratification of the Single European Act.

THURSDAY: Balance of payments current account and overseas trade figures (April). Energy trends (March). New vehicle registrations (April). Warsaw Pact leaders meet in East Berlin. Launch of new national opposition party in New Delhi.

FRIDAY: Engineering indices of production (March) and sales and orders (February). Company liquidity survey (first quarter). Finished steel consumption and stock changes (first quarter provisional). National Association of Head Teachers annual conference in Newcastle finishes. APIA South Pacific forum in Western Samoa (until June 1).

INTL. COMPANIES and FINANCE

First Interstate buys Texas bank

BY RODERICK ORAM IN NEW YORK

FIRST INTERSTATE, which failed earlier this year to take over BankAmerica, has gained a toehold in Texas, the country's third largest banking market, by agreeing to acquire Allied Bancshares of Houston.

First Interstate, which will offer a package of securities related in value to Allied's future performance, has driven a hard bargain to buy Allied for less than book value.

At current estimates, the takeover is worth about $10 to $10.85 a share, or $415m to $450m. Allied's shares responded with a drop of $1½ to $9 in over-the-counter trading yesterday.

Allied said it expects to report a second-quarter loss of $100m after writing off an estimated $98m of loans, about half of which were for property projects. The company said its book value is likely to drop to $488m, or $11.75 a share, at the end of the current quarter on June 30 from $611m, or $14.29, on March 31.

Allied, which has 50 banks in the Houston area and eastern Texas with total assets of $9.15bn, has a reputation for being well managed despite its current difficulties. It has the potential to be a key element in First Interstate's national ambitions.

The Los Angeles-based group is the largest multi-state bank holding company in the US with some 20 banks totalling 1,000 branches in 18 states. Its $55bn of assets rank it eighth in the industry.

The deal indicates that Allied's problems were greater than earlier revealed. It reported losses of $17.6m for 1986 and $20.5m in the first quarter and admitted recently it had difficulty forecasting when it could expect an upturn.

Texas banks have been shaken by the collapse of oil and gas prices in the past few years and the resulting impact on the local economy.

Faulding rejects ICI offshoot

BY BRUCE JACQUES IN SYDNEY

THE TARGETS of two of the latest Australian bids yesterday resoundingly rejected their suitors, and had their sentiments backed up by movements in the share market.

Directors of F. H. Faulding, the pharmaceutical company, attacked the A$211m (US$ 152.3m) offer from ICI Australia, labelling it as "totally unacceptable and commercially superficial."

They consider the A$7.10-a-share bid from the locally quoted offshoot of Imperial Chemical Industries is not in the best interests of shareholders, employees, pharmacists, other commercial associates of Faulding and the State of South Australia.

The directors said they did not believe that "there are any sensible, commercial reasons for this superficial proposal," and their advisers, Lloyds International, agreed. Faulding shares responded on the Sydney Stock Exchange yesterday by jumping to A$8.70.

Directors of QBE Insurance group were just as emphatic that the A$360m bid for the company from Mr Rene Rivkin's Oilmet Investments would not succeed.

The group said that it had been informed by Burns Philp and Co and other shareholders, who in aggregate hold in excess of 50 per cent of QBE shares, that they had "no intention of responding to or accepting the intended offer."

There were no sales in QBE's thinly-traded shares yesterday but a buyer was posted at A$14.10, or 10 cents above the Oilmet offer, and the asking quote was A$14.50.

Elsewhere, North Broken Hill said it would accept the A$90m bid for Beach Petroleum from Claremont Petroleum in regard to its 27.1 per cent stake. This gives Claremont, which recently raised its offer from 70 cents per share to 85 cents, about 47 per cent of Beach.

Pioneer Concrete Services meanwhile passed the 50 per cent acceptance cent level in its A$48m bid for Besser, a Queensland building products maker.

AIBD buries quotations on screen proposal

By Clare Pearson in Oslo

A SCHEME fostered by the board of the Association of International Bond Dealers to introduce a screen-based price quotation system for Eurobonds, which was strongly opposed by members, was buried with ceremony at the association's meeting in Oslo yesterday.

The association had missed the boat, said Mr Stanley Ross, a managing director of Deutsche Bank Capital Markets and a leading advocate of the plan. In an acerbic speech, he warned that eventual introduction of such a system was inevitable but that it might now fall under the control of a commercial organisation.

But members voted almost unanimously for a computerised trade confirmation system which, said Mr Rene Jaquet of Les Fils Dreyfus & Cie and vice chairman of the AIBD board, "could potentially add tremendous transparency to the market."

The AIBD has already spent SFr 800,000 ($548,000) on a feasibility study of the mooted screen quotation system, to be based on the US Nasdaq over-the-counter share market.

Earlier this month the board had concluded that the scheme would have to be shelved because the low level of support did not justify the high cost involved.

At the conference, Mr Charles McVeigh, managing director Salomon Brothers International, spelled out the objections of the leading houses. They feared they would lose flexibility in making prices while the smaller houses would be able to siphon off their business.

"For firms that have put a great deal of capital into the secondary market, to simply boil all that down to a two-way price and let others trade around it, is discouraging" he said.

Mr Ross countered this by saying the benefits of increased transparency far outweighed the drawbacks. He likened the system to the recent sale of the Duchess of Windsor's jewels where prices had been pushed up by the increased number of bidders accessed by new technology.

The system would also, he said, enable market makers to regain business currently falling to intermediaries. While turnover had grown rapidly over the last few years he suggested that genuine market making had expanded perhaps only four or five times since 1969.

Members were nearly united, however, in support of the AIBD's planned computerised trade confirmation system, dubbed Trax. This reflected recognition of the growing cost of failed trades which, according to one estimate, currently account for between 10 and 15 per cent of turnover.

The association is taking out a SFr 6.7m bank loan to fund the scheme but expects it to be self-financing within three years on the conservative assumption that 100 out of the AIBD's 863 members will participate.

Board members spoke enthusiastically for the project, which is intended to incorporate not only Eurobonds but all international fixed income securities accepted within the Eurobond clearing systems.

Havas valued at FFr 6.3bn

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government yesterday fixed the price of shares of Havas, the state-controlled advertising group to be privatised at FFr 500 each. This puts a market value on the company of FFr 6.3bn ($1.06bn).

Of the Government's 43.3 per cent stake, 18 per cent or 2.3m shares will be offered to the public from Monday.

Though the state has only a minority stake in Havas, which owns Canal Plus, the pay television channel, and the Eurocom group of advertising agencies, it has, until now, had majority voting powers.

A further 20 per cent of the capital — 2.52m shares — was yesterday allocated by Mr Edouard Balladur, the finance minister, to a group of banks and institutional shareholders, who are intended to provide a stable shareholding base.

Among the "core" shareholders who were required to pay a FFr 40-a share premium, are Société Generale with 4 per cent, Lyonnaise des Eaux, the water distribution group which has television interests (4 per cent), Paribas (3 per cent) and Société Generale de Belgique (2.5 per cent).

As a further protection for the group, whose relatively small market value in world terms makes it a potential prey to takeover bids, the Government has retained a "golden share."

Mitsubishi Heavy slides 66%

BY YOKO SHIBATA IN TOKYO

MITSUBISHI Heavy Industries (MHI), Japan's largest heavy machinery maker, suffered a 66 per cent slide in pre-tax profits to Y19.45bn ($134m) in the year to March. The performance was attributed to the yen's appreciation and lower capital spending by business.

The company refinanced borrowings with cheaper funds through overseas and domestic issues of warrant and convertible bonds. These efforts and asset management of surplus funds returned the non-operating result to the black. There was also a profit of Y11.5bn from sales of portfolio securities.

On turnover down 10.5 per cent to Y1,639.7bn, net profits were 39 per cent lower at Y30.38bn. The higher yen cut export sales by Y70bn. Sales of steel structures, such as bridges, grew, but all other divisions dropped including ships, chemical plants, aircraft and special vehicles.

MHI will pay an annual dividend of Y6, unchanged from the previous year, assisted by a special profit of nearly Y50bn through sales of Mitsubishi Motor shares.

For the current year the company projects sales at Y1,650bn, pinning hopes on machinery, aircraft and special vehicles. Net profits are none-the-less expected to drop 34 per cent to Y20bn.

● Yamaha Motor, the Japanese motorcycle maker, suffered a 28.2 per cent fall in pre-tax profits in the year to March to Y4.02bn.

The poor showing was attributed to a fall in exports in the face of the rising value of the yen and slow motorcycle demand on foreign markets.

Sales were down 14 per cent to Y345.8bn. Net profits were 25 per cent lower at Y3.41bn.

For the current year, Yamaha expects pre-tax profits of Y3.9bn, down 7 per cent, on flat turnover of Y345bn.

SIA earnings above forecasts

By Our Middle East Editor

SINGAPORE AIRLINES, the country's international flag carrier, has turned in sparkling results for the year to March, with parent company profits after tax up 67.5 per cent to S$420m (US$198.8m). This was significantly above both the target set for the airline and most brokers' forecasts.

The increase was achieved without aircraft sales which the previous year accounted for S$95.3m. Most of the improved profits came from higher traffic levels and lower fuel prices.

Singapore Airlines appears to have gained substantially from a 12 per cent increase in tourism during the first quarter of the year. Second half attributable profit was up nearly S$100m on the first six months and almost doubled from the corresponding period in the previous year.

The company is also thought to have benefited from the appreciation of several major currencies against the Singapore dollar.

Astra given go-ahead for foreign bonus share issue

BY SARAH WEBB IN STOCKHOLM

ASTRA, the Swedish pharmaceuticals group, has won government approval to make a bonus issue of class B "free" shares. These carry one vote each and are open to foreign investors, unlike the so-called restricted shares.

The new shares will be listed on the Stockholm stock exchange on June 25 and should pave the way for Astra to make acquisitions overseas by issuing its B free shares abroad.

Astra plans to seek listings for the new shares in Frankfurt, Zurich, Tokyo, and London — where its existing shares are listed.

The new issue means that foreign investors could control 22.5 per cent of the votes, compared with 20 per cent previously, while foreign control of capital could increase from 25 per cent to 40 per cent.

Ajinomoto slightly higher

BY OUR TOKYO STAFF

AJINOMOTO, the Japanese foods group which is a big processor of monosodium glutamate, showed a 1.8 per cent gain in pre-tax profits to Y30.64bn ($218m) in the year to March.

Turnover of Y426.05bn was down 5.4 per cent from the previous year. Although the company produces predominantly for the domestic market, it blamed the decline in sales on the yen's appreciation which reduced material costs.

Ajinomoto has thus been stepping up production overseas.

Net profits were 4 per cent higher at Y13.08bn.

Lufthansa purchases of 10% Hapag-Lloyd

BY ANDREW FISHER IN FRANKFURT

LUFTHANSA, the West German national airline, has become the latest company to take a stake in Hapag-Lloyd, the once ailing shipping and travel group which is making profits again.

The airline said it was buying a 10 per cent of the Hamburg-based company from Deutsche Bank and Dresdner Bank, the former controlling shareholders who have recently been shedding substantial volumes of shares.

Hapag-Lloyd said this week that it was raising its dividend to DM 5 per share from DM 3, with the payment going to all shareholders. The two banks, then owning 80 per cent of the shares, waived their entitlement to the 1985 dividend.

Hapag's results show that shipping is still a problem-ridden industry. Group net profits were down from DM 95m to DM 53m ($30m) in 1986. It had already warned of a decline because of the industry's difficulties and the effect of the fall in the dollar, the main currency for shipping revenues.

Lufthansa did not say how much it was paying for its stake, but 10 per cent of the company would be worth around DM 30m at the latest share price.

The airline said the purchase would enhance its activities in the tourism sector. Hapag-Lloyd operates both a charter airline and travel agencies, as well as its container shipping business.

The purchase by Lufthansa follows recent stakes taken by Veba, the German energy group (12.5 per cent), Gevaert, the Belgian holding company (12.5 per cent) and Kaufhof, the German retail group (10 per cent).

The two big banks have thus cut their joint holding to 35 per cent, and have said they are aiming at one of about 25 per cent.

Small shareholders own about 10 per cent of the group, as does Veritas, an investment company owned by the Allianz insurance concern and Muenchener Rueckversicherung.

● Hugo Boss, the West German menswear manufacturer, turned in lower net profit for 1986 on higher turnover, as a result of a change of reporting to conform with European Community balance sheet rules and increased bad debt provisions.

Despite a 39 per cent drop in net profit to DM 13.5m, operating profit was virtually unchanged at DM 44.95m. Group turnover rose by 39.6 per cent last year to DM 430.96m. Boss said both unit sales and prices rose in the US despite the fall of the dollar's value.

● Feldmuehle Noble expects to match 1986 earnings this year despite the planned sale of a large portion of its subsidiary Dynamit Nobel.

First-quarter turnover rose 1 per cent while earnings had been maintained in the same 1986 period. Group net profit fell to DM 143.3m from DM 148m in 1986, while sales slipped by 0.5 per cent to DM 62bn.

The company was formerly the industrial core of the former Flick empire.

● Kloeckner-Humboldt-Deutz, the West German heavy equipment group, said sales dropped in the first four months of 1987, following sharply lower turnover and earnings in 1986.

Four-month parent-company sales slipped 12 per cent to DM 857m from DM 977m a year earlier. The drop reflected a 21 per cent fall in export sales to DM 457m from DM 577m. The company cited severely depressed market conditions as well as negative exchange-rate factors.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

† Unquoted. (g) Madagascar. (v) July. (u) May-June. (x) June-July.

ALUMINIUM

Official closing (am): Cash 838-9 (854-5); three months 844-5 (854-5); settlement 839 (854). Final Kerb Close: 851-1.5. Turnover: 10,600 tonnes.

COPPER

Official closing (am): Cash 920.5-1.5 (921-2); three months 896-7 (897-8); settlement 921.5 (922). Final Kerb Close: 896-7.

Official closing (am): Cash 872-4 (885-70); three months 888 (884). US Producer prices 70-75 cents per pound. Total turnover: 67,025 tonnes.

LEAD

Official closing (am): Cash 405-7 (445-6); three months 381-2 (387.5-8.5); settlement 407 (446). Final Kerb Close: 372-3. Turnover: 12,400 tonnes. US Spot: 24-37 cents per pound.

NICKEL

Official closing (am): Cash 2540-5 (2600-5); three months 2546-50 (2615-20); settlement 2545 (2605). Final Kerb Close: 2570-5. Turnover: 1,422 tonnes.

ZINC

Official closing (am): Cash 487-8 (491-2); three months 482.5-3.5 (488-9); settlement 488 (492). Final Kerb Close: 491-2. Turnover: 12,725 tonnes. US Prime Western: 41.50-45.75 cents per pound.

TIN

Kuala Lumpur Tin Market: Close 16.73 (16.73) ringgit per kg.

GOLD

Gold fell $4¼ an ounce from Thursday's close in the London bullion market yesterday to finish at $460-460½. The metal opened at $471-471½ and traded between a high of $474½-475¼ and a low of $462¼-463¼. Gold lost ground during the afternoon, with the decline in silver prices prolonged by liquidation of long positions ahead of the weekend. The dollar's steadier trend after satisfactory GNP figures accelerated the trend.

SILVER

Silver was fixed 1p an ounce higher for spot delivery in the London bullion market yesterday at 534.35p. US cent equivalents of the fixing levels were: spot 889.25c, up 1.75c; three-month 910c, up 2c; six-month 932.5c, up 2.1c; and 12-month 970.1c, up 5.1c. The metal opened at 531-535p ($880-884c) and closed at 489-505p (833-838c).

INDICES

REUTERS

(Base: September 18 1931=100)

DOW JONES

(Base: December 31 1931=100)

COFFEE

Prices remained within the recent trading range and never showed any signs of breaking out. Trade selling in the morning was absorbed by technical buying, reports Drexel Burnham Lambert.

Sales: 2,207 (2,668) lots of 5 tonnes. ICO indicator prices (US cents per pound) for May 21: Comp. daily 1979 112.84 (113.04); 15-day average 111.57 (111.47).

COCOA

With the buffer stock manager failing to appear as buyer futures slumped almost £30 on the day but rallied strongly in the afternoon to close only slightly lower on the day, reports Gill and Duffus.

Sales: 5,527 (2,102) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for May 22: 1557.11 (1575.30); 10-day average for May 26: 1582.04 (1596.46).

FREIGHT FUTURES

The market steadied in the last stages of an otherwise quiet morning on light trade buying. The BFI was 1 point lower but the futures firmed during the afternoon with participation remaining light prior to the long weekend, reports Clarkson Wolff.

Turnover: 217 (174)

GRAINS

Old crop markets saw the last day of the May positions trading. Wheat firmed on erratic short-covering before closing on shipper selling to expire at £120.75 while barley remained steady at £125 on a thin contract low to expire at £106.50. New crops were neglected in morning trade, but found good shipper support late in the afternoon with modest consumer support on barley, reports T. G. Roddick.

Sales: 504 (280) lots of 40 tonnes.

POTATOES

April was immediately firmer on opening and buying interest pushed values 70p up from the previous close. Profit-taking ahead of the Bank Holiday weekend, albeit in thin volume, saw April slip in early afternoon trade. With an unsettled forecast for the next three days and uncertainty over crop prospects values recovered to finish slightly higher on the day, reports Coley and Harper.

SOYABEAN MEAL

Sales: 360 (220) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $178.50 (£105.00), up $3.50 (up £2.00) a tonne for June-July delivery. White sugar $192.50, up $2.50.

Sales: 1,523 (2,489) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £210.00 (£208.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for May 21: Daily price 6.81 (6.76); 15-day average 6.75 (6.81).

RUBBER

PHYSICALS—The London market opened slightly easier, attracted little interest throughout the day and closed quiet, reports Lewis and Peat. Closing prices (buyers): Spot 62.75p (63.50p); June 62.50p (63.25p); July 62.25p (62.75p). Kuala Lumpur fob price (Malaysian/Singapore cents per kg): RSS No 1 239.0 (239.0); SMR 20 206.0 (206.0).

US MARKETS

HEAVY FUND selling in the precious metals reversed earlier strength, touching off stops as the gold, silver and platinum futures fell to the lows of the day, reports Drexel Burnham Lambert. For the rest of the session local short-covering and profit-taking firmed prices and the markets closed with pared losses. Copper futures opened firm, but then drifted lower throughout the day. Crude oil futures rallied mainly on mixed commission house and local buying reflecting firmer cash prices, but volume was quiet. Cocoa opened lower on commission house selling, but prices recovered on short-covering. Coffee fell on speculative selling. Cotton futures opened steady but profit-taking at the highs led to a retreat back to support at the lows where short-covering held prices steady. Firmer cash prices and reports of possible further Soviet interest kept maize futures steady. Soyabeans closed with pared losses on short-covering after early easing on favourable weather forecasts. Brisk demand and firmer cash prices held hog and cattle futures steady but pork bellies tended to drift lower in lacklustre trading.

NEW YORK

CHICAGO

SPOT PRICES—Chicago loose lard 15.00 (same) cents per pound. Handy and Harman silver bullion 829.0 (883.0) cents per troy ounce. New York tin 319-23 (319-23) cents per pound.

OIL

Crude prices gained a few cents in very thin trade prior to the long weekend. July WTI opened 2c down on Nymex but traded 5c up at 1.30 pm EDT. The petroleum products market was also quiet and subdued—Petroleum Argus, London.

Petroleum Argus estimates

HEAVY FUEL OIL

Turnover: 0 (1) lots of 100 tonnes.

GAS OIL FUTURES

Turnover: 2,020 (3,008) lots of 100 tonnes.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 100.69p per kg lw (+1.12). GB—Sheep 246.81p per kg est dcw (−25.15). GB—Pigs 80.75p per kg lw (+0.86).

WORLD STOCK MARKETS

WALL STREET

Early gains pared in quiet trade

GAINS WER pared in sluggish trading on Wall Street yesterday, when investors looked to the bond and dollar markets for direction. Debate over Federal Reserve policy and subsequent shifts in interest rates and inflation provided for a cautious investment attitude, traders said.

After rising over 18 points the Dow Jones Industrial Average partially reacted to 2,234.78 by 1 pm for a net rise of 9.01 on the day but still off 23.88 on the week. The NYSE All Common index, at $158.58, was up 51 cents on the day but down $2.87 on the week. Advances led declines by a six to five majority in a volume of 108.85m sshares.

A 0.4 per cent rise in April Consumer prices revived speculation the Fed would increase the discount rate, which would aid the dollar and fend off inflation, traders said. But investors were reluctant to take large positions ahead of the long Memorial Day weekend.

Any enthusiasm about a discount rate increase, however, was, tempered by speculation that the Government would save such action for the Venice Economic Summit in June, when it could be used as a bargaining chip to support the dollar.

After an initial swell of about 18 points on some short-covering and in response to a morning rise in bond prices, investors turned shy, returning most of the gain.

" We rallied on an oversold condition, but there are still a lot of ifs in the market," trader Jon Groveman, of Ladenburg Thalmann and Co said.

Closing prices for North America were not available for this edition.

Digital Equipment recovered $5⅜ to $154¼, after Thursday fall when investors feared that the new Hewlett-Packard products would cut into Digital's market share. The stock was helped by at least three separate recommendations. But **Unisys** fell $3½ to $110¼, **IBM** $¼ to $157 and **Cray Research** $1½ to $101.

Hardcourt Brace Jovanovich slid $1¼ to $44½ in active trading—it said its Board voted to cancel the special shareholder meeting planned for yesterday. It also said it was evaluating the hostile takeover offer received earlier this week from British Printing and Communication Corp.

THE AMERICAN SE Market Value index shed 0.44 to 322.10, making a loss of 7.82 on the week. Trading volume 6.09m shares.

CANADA

Stocks slipped lower in moderate midday trading under the weight of falling Gold shares, which offset slim gains made by Industrials and Metals and Mines in concert with strength on Wall Street.

The Toronto Composite index shed 7.6 to 3,689.3, Oil and Gas lost 15.8 to 4,333.4 and Golds fell 267.4 to 8,759.0. But Metals and Minerals firmed 3.8 to 2,732.7.

Gold shares slumped as world bullion prices weakened. ***Hemlo Gold*** lost $1¼ to $22½, **Dome Mines**$⅜ to $20⅛, **Echo Bay** $1¼ to $52 and **International Corona** $3¼ to $38½.

Bank shares were little changed after raising prime lending rates ¼ point to 9½per cent Thursday.

TOKYO

The higher New York market prompted " large " institutions to start buying again after a week of absence and the Nikkei Dow index closed 402.70 up at 24,156.71, just off its mid-afternoon highs. Thursday the average advanced 334.41, a rebound after an accumulated 1,309.43 decline for the first three sessions this week. Gains led losses yesterday nearly three-to-one in turnover of 920m (750m) shares.

The broad-based first section climbed 35.74 to 2,109.08.

Buying spread across a broad array of shares yesterday.

Securities Houses, Banks, Communications, insurances, Real Estates, Financial and Retailers led the advance.

Banks posted strong gains following declines since Tuesday's announcement by **Citicorp** that it was increasing its funds to cover risky loans to debt-ridden nations.

Brokers said the market now believes Citicorp's move to be positive for world banking. They said Japanese banks' exposure to Third World debt is not considered dangerously high.

Shares related to the expansion of Japan's economy gained on some speculation Japan will announce measures to boost its domestic demand prior to the June 8-10 Summit of Industrial Nations in Venice.

Railways, Electricals, Precision Instruments, Rubbers, Minings and Oils fell.

Brokers said they expected to see a shift of buying interest over the coming weeks to more modestly priced issues with a lower market profile. They said the buying would stem from a view that recent popular issues have been overbought.

HONG KONG

Below the best because of strong chart resistance at around the 2,900 mark of the Hang Seng index, which closed 26.71 to 2,897.62, after rising over 30 points. Turnover HK$947.01m (HK$713.76m.)

Stocks opened stronger following a slight rebound overnight on Wall Street. Reports the **Cheung Kong** group and **Hang Seng Bank** will participate in the auction of a *major property site here next Friday* also triggered fairly heavy buying by small investors.

Cheung Kong one-for-four stock split became effective and the stock ended at HK$11.30 against HK$42.25 Thursday.

Hutchison rose HK$1.75 to HK$48.75, **Jardine Matheson** 40 cents to HK$18.50, **Swire Pacific** " A " 20 cents to HK$19, but profit-taking sent **Hang Seng Bank** 50 cents lower at HK$37.25.

SINGAPORE

Profit-taking and lack of fresh buying caused share prices to fall over a broad front in fairly active trading.

The Straits Times Industrial Index lost 10.87 to 1,208.04 and turnover declined to 53.9m (75.9m) shares.

A few firm spots included, **Island and Peninsular** up 42 cents to S$4.80, **Federal-Flour** 18 cents to S$4.58 and **IGB Corporation** 15 cents to S$1.70.

GERMANY

Extremely quiet and barely changed, but down on the week with investors continuing to shun markets in the absence of significant fresh factors.

Professional operators also refrained from opening fresh positions ahead of the weekend. The stagnant dollar provided no incentive and Thursday's slight gains on Wall Street, after a four session slump, failed to change investors' depressed mood.

The Commerzbank index of 60 leading shares, calculated at mid-session, edged up 0.30 to 1,730.5.

Banks were mixed. **Dresdner** shed DM 13 to 307, ex a DM 10 dividend and a one-for-18 bonus issue. **Commerzbank** rose DM 2.50 to 255.50 despite news parent operating profit in the first four months fell 14 per cent compared to 1986 results.

Autos were mixed. ***VW rose*** DM 3 to 360 after news VW do Brasil had suspended investments of $150m planned for 1987.

In Engineerings, **KHD** gained DM 7.50 to 154.50 on news it expects an improvement in 1987 earnings results after losses in 1986.

AUSTRALIAN

Heavy selling in local Gold stocks, Mines and Resource issues saw the Australian share market close sharply weaker.

Profit-taking in the mining sector followed further falls in bullion and base metal prices overnight before a three-day weekend in the US and UK.

The All Ordinaries index gave way 19.3 to 1,826.1. All Industrials 7.8 to 2,562.8. All Resources 28.1 to 1264.6 Metals and Minerals 26.5 to 1,239.7. Gold index 95.0 to 3,492 and Oil and Gas 24.7 to 974.1.

CANADA

May 21	Price Can. $	+ or −
Abitibi	35½	.....
Abitibi Res	0.25	−0.08
AMCA Intl.	10⅛	.....
Agnico Eagle	39⅝	−1
Alberta Energy	21¼	+⅛
Alcan Aluminium	37	−⅞
Algoma Steel	15	+½
Bank Montreal	33⅛	.....
Bank Nova Scotia	17	+⅛
B.C.E.	41	.....
Bombardier	23	−¼
Bow Valley	19⅜	.....
BP Canada Res	23¾	−¼
Brascan A	35½	.....
BC Forest	18¾	−⅛
CIL Inc	28⅛	.....
Cadillac Fairview	33	−¼
Campbell Red Lk	40½	−2½
Can Cement Pf	15¼	.....
Can NW Energy	23	−⅛
Can Packers	16¼	+⅛
Can Trusco	67½	−¼
Can Imp Bank	20½	+¼
Can Pacific	23½	−¼
Can Tire A	15¼	+⅛
Can For	29	+⅝
Carling O'Kfe	17¾	.....
Chieftain	16	.....
Cominco	17¼	−⅜
Coniagas Mines	6½	−⅜
Cons Bathst A	17¾	−½
Coremark Intl.	2.65	−0.05
Costain	14	+¼
Dennison Mines A	6⅞	.....
Dofasco Inc	25⅛	+⅛
Dome Mines	20½	−1⅛
Dome Petroleum	1.30	.....
Domtar	18⅝	.....
Falconbridge	21	−1
Fed. Inds. A	16⅛	.....
Gendis Inds. A	19¼	+⅛
Giant Y'knife	25	−⅛
Gulf Canada	30⅛	+⅛
Hawker Sid Can	26¾	−¼
Hudson's Bay	26¼	−¼
Husky Oil	11⅝	.....
Imasco	32⅝	−¼
Imperial Oil A	71⅞	−½
Inco	23¾	−⅜
Indal	13⅛	.....
Int Pipe	49⅝	−⅝
Labatt	24	+¼
Lac Minerals	47¾	−¾
Laurentian Gp.	15	+⅛
Loblaw	15½	+½
Macmillan Bloedel	23¼	+¼
Magna Intl	28	−⅛
McIntyre Mines	45.75	−1.25
Mitel Corporation	7⅛	+⅛
Molson Cl A	24¾	−⅛
Moore Corp	31⅝	.....
Nat. Bk. of Canada	14⅛	−¼
NBS	19¼	.....
Noranda Mines	28⅞	+⅛
Norcen Energy	25⅛	−¼
Northern Telecom	24⅞	+⅛
Nova Alberta	8¼	+⅛
Numac Oil	10¼	−⅛
Oakwood Pet	3.50	.....
Pan Can Pet	34	.....
Placer Dev	24	−½
Power Corp	17⅛	−⅞
Quebec Sturgeon	7½	−⅛
Ranger Oil	7⅛	+⅛
Reed Stenh'se A	34½	+¼
Royal Bank	32⅛	−⅛
Royal Trust A	33½	+⅛
Sceptre Res	5	+0.1
Seagram	92	−⅛
Sears Can Inc	11¼	−⅛
Shell Canada Oil	47¼	+1¼
SHL Systemhouse	26⅛	−⅛
Stelco	24½	.....
Teck B	32	−1
Texaco Canada	35¼	+¼
Thomson New	29¼	+¼
Toronto Dom Bk	27	+¼
Transalta A	29⅞	+⅛
Trans Can. Pipe	18	−⅛
Varity Corp.	3.60	−0.1
Westcoast Tra	17¼	.....
Weston (Geo)	40	.....

AUSTRIA

May 22	Price Sch%	+ or −
Creditanstalt	1905.00	+5
Goesser	2750.00	−50
Interunfall	11,900	−10
Jungbunzlauer	8000	−220
Laenderbank	1820.00	+20
Perlmooser	660.00	−15
Steyr-Daimler	132.00	.....
Veitscher Mag	725.00	−5

GERMANY

May 22	Price Dm.	+ or −
AEG-Telef	309	+1
Allianz Vers	1595	−40
BASF	272.90	−1
Bayer	302.70	−2.1
Bayer-Hypo	391	−4
Bayer-Verein	380	−3
BHF-Bank	390	−3
BMW	572	+5
Brown Boveri	320	−1

SPAIN

May 22	Price Pts.	+ or −
Banco Bilbao	1430.00	.....
Banco Central	1015.00	.....
Banco Exterior	420.00	−10
Banco Hispano	485.00	−15
Banco Popular	1470.00	.....
Banco Santander	1055.80	+25
Banco de Vizcaya	1890.00	.....
Banesto	729.00	+30
Dragados	685.00	+15

AUSTRALIA (Continued)

May 22	Price Aust$	+ or −
News	19.10	−0.3
Noranda Pacific	4.00	.....
North Bkn Hill	3.75	−0.1
Oakbridge	0.60	.....
Pacific Dunlop	4.55	−0.05
Pancont'l	4.10	+0.1
Pioneer Conc	3.30	−0.05
Placer Pacific	4.30	−0.25
Poseidon	5.44	−0.22

JAPAN (Continued)

May 22	Price Yen	+ or −
Nippon Seiko	500	+12
Nippon Shimpan	1290	+70
Nippon Steel	360	+15
Nippon Suisan	595	−5
Nippon Yusen	621	−9
Nissan Motor	700	+9
Nisshin Flour	1300	+20
Nomura	5150	+130
Olympus	1030	+10

Indices

NEW YORK ACTIVE STOCKS

CURRENCIES & MONEY

FOREIGN EXCHANGES

Dollar steady after US data

THE DOLLAR finished slightly firmer ahead of the long weekend. Traders were content to cover short positions, still uncertain about the possibility of a rise in the US discount rate. US economic data relased yesterday attracted a mixed rsponse. While revised US GNP first quarter figures showed a rise of 4.4 per cent from the previous estimate of 4.3 per cent, a sharp rise in real business inventories suggested that the rise in productivity was leading to increased stockpiling rather than increased sales. In addition the rate of inflation as measured by the implicit price deflector rose to 4.2 per cent from 3.5 per cent. Durable goods orders rose by just 0.1 per cent which meant a fall of 0.9 per cent after stripping out the defence element while consumer prices rose by an exected 0.4 per cent.

Against this background there was little incentive to do much other than square off and wait for next week. The dollar closed at DM 1.7785 from DM 1.7770 and Y140.55 compared with Y140.45. Elsewhere it finished at SFr 1.46 from SFr 1.4590 and FFr 5.9450 from FFr 5.9475. On Bank of England figures, the dollar's exchange rate index rose to 100.3 from 100.1.

STERLING — Trading range against the dollar in 1987 is 1.6885 to 1.4710. April average 1.6316. Exchange rate index 73.3 down from 73.7 at the opening and Thursday's close.

Sterling's vulnerability was highlighted yesterday afternoon as strong selling developed ahead of the long weekend. This was partly due to switching into dollars just in case of a rise in the US discount rate and also to the reluctance of some speculators to hold long positions over the weekend when the latter could provide a drastic alteration to attitudes towards the outcome of next month's general election.

Consequently the pound fell to \$1.6735 from \$1.6795 and DM 2.9750 from DM 2.9850. It was also weaker against the yen at Y235.25 from Y236.0 and SFr 2.4425 from SFr 2.45. Against the French franc it eased to 9.95 from FFr 9.9875.

D-MARK—Trading range against the dollar in 1987 is 1.9305 to 1.7690. April average 1.8112. Exchange rate idex 147.5 against 142.8 six months ago.

There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt when the dollar slipped to DM 1.7757 from DM 1.7777 on Thursday. Trading during the morning was subdued as dealers awaited the release of US data. Consumer prices rising by 0.4 per cent was well received although a non defence element fall of 0.9 per cent in durable goods orders had an opposite effect. The dollar closed at DM 1.7815 from DM 1.7780.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.35. April average 142.86. Exchange rate index 224.9 against 204.2 six months ago.

Proximity of the long weekend in the US and UK and release of US GNP and inflation figures tended to keep most traders on the sidelines in Tokyo. The dollar closed at Y140.35 down from Y140.65 in New York but up from Thursday's close of Y140.05 in Tokyo.

There was still concern that the US authorities may increase the discount rate to counteract any sign of rising inflation. However some dealers were convinced that a rise in rates would be used as a last resort, considering the strains already apparent within the US banking system. Nevertheless there was no percentage in being caught short of dollars and position squaring towards the close helped to offset early selling.

£ IN NEW YORK

May 22	Latest	Previous Close
£ Spot	1.6730-1.6740	1.6795-1.6705
1 month	0.16-0.15 pm	0.20-0.18 pm
3 months	0.39-0.36 pm	0.47-0.45 pm
12 months	1.00-0.95 pm	0.97-0.90 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

CURRENCY RATES

CURRENCY MOVEMENTS

OTHER CURRENCIES

	£	$
Korea (Sth)	1378.25-1390.75	820.80-827.40
Kuwait	0.45640-0.45700	0.27375-0.27385
Luxembourg	61.70-61.80	36.85-36.95
Malaysia	4.1190-4.1290	2.4700-2.4720
Mexico	2069.75-2091.05	1239.00-1251.00
N. Zealand	2.9050-2.9100	1.7285-1.7305
Saudi Ar.	6.2520-6.2585	3.7495-3.7050
Singapore	3.5205-3.5295	2.1120-2.1140
S. Af. (Cm)	3.3380-3.3530	1.9900-1.9940
S. Af. (Fn)	5.3330-5.4195	3.1745-3.2260
Taiwan	53.65-53.95	31.95-31.05
U.A.E.	6.1240-6.1295	3.6725-3.6735

*Selling rate

Correction for May 21, Malaysia £4.1390-4.1490. Greece \$131.55-133.75

POUND SPOT—FORWARD AGAINST THE POUND

May 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6670-1.6825	1.6730-1.6740	0.21-0.18c pm	1.40	0.49-0.44 pm	1.11
Canada	2.2495-2.2653	2.2520-2.2530	0.14-0.05c pm	0.51	0.10 pm-0.03c dis	0.06
Netherlands	3.34½-3.36½	3.35-3.36	1⅛-⅞c pm	3.58	3⅛-2⅞ pm	3.58
Belgium	61.45-61.89	61.70-61.80	13-6c pm	1.85	34-23 pm	1.85
Denmark	11.17¼-11.24½	11.21-11.22	1-1¼ore dis	-1.47	2¼-3¼ dis	-1.14
Ireland	1.1095-1.1185	1.1100-1.1110	0.20-0.30 p dis	-3.78	0.45-0.70 dis	-2.07
W. Germany	2.97-2.98¼	2.97-2.98	1⅛-1⅛pf pm	5.04	3⅞-3½ pm	4.96
Portugal	231.10-233.49	232.10-232.10	105-160c dis	-6.87	365-460 dis	-7.12

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.674	2.975	235.3	9.950	2.443	3.365	2155.	2.253	61.75
$	0.598	1.	1.779	140.6	5.945	1.460	2.005	1288.	1.346	36.90
DM	0.336	0.563	1.	79.08	3.345	0.821	1.128	724.4	0.757	20.76
YEN	4.251	7.114	12.65	1000.	42.30	10.38	14.26	9160.	9.575	262.5
F Fr.	1.005	1.682	2.990	236.4	10.	2.455	3.372	2166.	2.264	62.06
S Fr.	0.409	0.685	1.218	96.32	4.074	1.	1.374	882.3	0.922	25.28
H Fl.	0.298	0.499	0.887	70.12	2.966	0.728	1.	642.3	0.671	18.41
Lira	0.464	0.777	1.381	109.2	4.617	1.133	1.557	1000.	1.045	28.65
C $	0.444	0.743	1.321	104.4	4.417	1.084	1.489	956.7	1.	27.41
B Fr.	1.619	2.710	4.818	381.0	16.11	3.955	5.433	3490.	3.648	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

MONEY MARKETS

UK rates mostly easier

INTEREST RATES edged lower in London yesterday as traders entered the long weekend in a fairly relaxed mood. Once again short term rates were depressed by the effects of central bank intervention in currency markets and also a desire not to renew maturing commitments which resulted in further funds being available at the short end.

Nevertheless it still proved none too easy to predict the exact shortage and the Bank of England's early forecast of a flat day was eventually revised sharply to a shortage of around £350m.

Three-month interbank money was quoted at 8¾-8⅝ per cent down from 8{11/16}-8{9/16} per cent while weekend money slipped from a high of 8¼ per cent to touch a low of 2 per cent.

UK clearing bank base lending rate 9 per cent since May 8

The Bank of England forecast a flat day with factors affecting the market including the repayment of any late assistance and bills maturing in official hands together with a take up of Treasury bills draining £306m and a rise in the note circulation a further £270m. On the other hand Exchequer transactions added £545m and banks brought forward balances £10m above target.

The forecast was revised to a shortage of around £300m but the Bank gave no assistance in the morning.

A further revision took the shortage to £350m and the Bank gave assistance in the afternoon of £382m through outright purchases of £22m of local authority bills and £360m of eligible bank bills all in band 1 at 8⅞ per cent.

Demand for Treasury bills at yesterday's tender was very strong and the £250m of bills on offer attracted bids of £1,232m. The minimum accepted bid fell to £97.915 from £97.93, bids at that level were met as to about 22 per cent and above in full compared with 28 per cent the previous week. The whole £250m of bills on offer were alloted and next week £400m of bills will be on offer, replacing maturities of £100m.

FT LONDON INTERBANK FIXING

(11.00 a.m. May 22) 3 months U.S. dollars		6 months U.S. dollars	
bid 7½	offer 7⅝	bid 7{11/16}	offer 7{13/16}

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for \$10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

May 22	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.50-3.60	3.65-3.75	3.65-3.75	3.65-3.75	3.65-3.80	5.0
Paris	8-8{1/16}	8{1/16}-8{3/16}	8{1/16}-8{3/16}	8¼-8½	8{3/16}-8{5/16}	7¾
Zurich	⅞-1⅛	3-3¼	—	3⅝-3⅞	—	—
Amsterdam	5¼-5⅜	5{1/16}-5{3/16}	—	5{1/16}-5{3/16}	—	—
Tokyo	3.03125	3.78125	—	3.65625	—	—
Milan	9⅞-10⅛	10⅛-10⅜	—	10¼-10½	—	—
Brussels	6.60	6{13/16}-7{1/16}	—	7-7⅛	—	—
Dublin	11⅛-11½	11½-11⅝	11-11¼	10¾-11	10¾-11	—

LONDON MONEY RATES

May 22	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	8¼-2	8⅛-7⅞	8½-⅜	8¾-8⅝	8{13/16}-8¾	9{1/16}-9
Sterling CDs	—	—	8{5/16}-8{3/16}	8⅝-8½	8{11/16}-8{9/16}	8{13/16}-8{11/16}
Local Authority Deposits	7⅞	8⅛	8⅜	8⅝	8{13/16}	9⅛
Local Authority Bonds	—	—	8¾	8¾	8⅞	9⅛
Discount M'ket Deposits	7⅞-7	7⅞	8⅜	8⅝	—	—
Company Deposits	8-6	8¼-8	8½	8¾	8{13/16}	9⅛
Finance House Deposits	—	—	8½	8¾	8⅞	9⅛
Treasury Bills (Buy)	—	—	8{13/16}	8½	—	—
Bank Bills (Buy)	—	—	8½	8{7/16}	8½	—
Fine Trade Bills (Buy)	—	—	9⅛	9{1/16}	9⅛	—
Dollar CDs	—	—	7.25-7.20	7.50-7.45	7.80-7.75	8.5-8.45
SDR Linked Deposits	—	—	6⅛-5⅞	6{3/16}-6{1/16}	6{5/16}-6{3/16}	6¾-6½
ECU Linked Deposits	—	—	6⅞-6{1/16}	6{15/16}-6{11/16}	6⅞-6¾	7⅛-7

Treasury Bills (sell): one-month 8{3/32} per cent; three-months 8{5/16} per cent; Bank Bills (sell): one-month 8{5/16} per cent; three months 8{7/16} per cent; Treasury Bills; Average tender rate of discount 8.3344 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day April 30, 1987. Agreed rates for period May 26 to June 23, 1987, Scheme I: 11.29 p.c., Schemes II & III: 11.11 p.c. Reference rate for period April 1 to April 30, 1987, Scheme IV: 9.843 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10 per cent from May 1, 1987: Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 8¼ per cent; three-six months 8⅝ per cent; six-nine months 8¾ per cent; nine-12 months 8⅞ per cent; Under £100,000 8 per cent from May 26, Deposits withdrawn for cash 5 per cent.

LONDON STOCK EXCHANGE

Recovery in equities but Gilts easier

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
May 11	May 28	May 29	Jun 8
Jun 1	Jun 11	Jun 12	Jun 22
Jun 15	Jun 25	Jun 26	July 6

* New time dealings may take place from 9.00 am two business days earlier.

The UK equity market rallied yesterday from the falls suffered earlier this week but remained nervous as traders scrutinised the latest surveys of public opinion ahead of the British general election on June 11. Early gains in share prices were reduced in late dealings when the pound dipped sharply and securities houses trimmed positions in front of the extended weekend break in London and New York.

Bank shares began to breathe again as Wall Street showed a generally favourable reaction to Citicorp's heavy provision against Third World loans. Major market indices were helped by an upturn in oil shares.

At the close, the FT-SE 100 index was 13.8 higher at 2167.5, having touched 2175 earlier. The FT Ordinary recovered 9.0 to 1686.7.

Turnover was low, however, and much of the business represented little more than closing operations ahead of the holiday weekend.

The sudden dip in sterling, faled to help the international stocks—oil shares had been firm throughout the session on crude price optimism and demand for British Petroleum shares in New York.

Glaxo closed firmly but with the pound finally easier against the German mark, Imperial Chemical Industries ended lower.

The Gilt-edged market traded very quietly until sterling turned off in mid-afternoon, when the longer end dipped by ½ point and closed with net losses of this size. Turnover was thin but the losses also reflected the market's nervousness in the face of the trend in the UK opinion polls, which has suggested a cut in the Government's lead over the past week.

Moreover, the market still faces some overhang from the recent Treasury funding and believes that further Government stock sales will be needed in the near future.

Any further reduction in bank base rates before the election is largely ruled out, and short term rates have already discounted a half point cut, widely expected shortly afterwards.

Allied-Lyons sprang into prominence following a sizeable 5.6m share deal which gave rise to speculation of a stake-building exercise. The business was done at 425p and subsequently the shares rose 11 at 432p. Early next month the group is hosting a transatlantic presentation.

FINANCIAL TIMES STOCK INDICES

	May 22	May 21	May 20	May 19	May 18	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	92.07	92.28	92.43	92.43	92.32	92.36	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.40	97.57	97.73	97.77	97.82	97.26	98.54 (13/5)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1686.7	1677.7	1690.8	1719.0	1,696.4	1,331.4	1,719.0 (19/5)	1,320.2 (2/1)	1,719.0 (19/5/87)	49.4 (26/6/40)
Gold Mines	434.0	433.3	439.2	433.3	444.1	237.6	485.0 (14/4)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.40	3.42	3.40	3.35	3.40	4.14				
Earnings Yld.%(full)	8.09	8.28	8.21	8.09	8.18	10.28				
P/E Ratio (net) (*)	15.20	14.87	14.99	15.21	15.05	11.89				
SEAQ Bargains (5 pm)	43,740	50,412	57,059	48,685	50,514	—				
Equity Turnover (£m)	—	1678.63	1863.70	2009.46	1373.72	543.87				
Equity Bargains	—	73,050	78,964	60,565	63,477	23,781				
Shares Traded (ml)	—	—	1257.4	848.7	574.3	244.1				

S.E. ACTIVITY

Indices	May 21	May 20
Gilt Edged Bargains	114.2	127.0
Equity Bargains	473.3	511.6
Equity Value	3392.9	3767.0
5-Day Average		
Gilt Edged Bargains	134.8	140.7
Equity Bargains	436.7	421.7
Equity Value	3502.8	3542.3

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1684.1	1686.6	1688.0	1690.2	1689.7	1691.2	1691.3	1686.6

Day's High 1692.3. Day's Low 1681.6. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=14.86.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

A report that Canadian brewer Labatt was ready to offer 300p a share found **Greenall Whitley (GW)** in unresponsive mood. Strong recently on bid rumours, GW weakened abruptly from the overnight 277p to 269p. Elsewhere, expansion, expansion hopes lifted **Fuller Smith** 5 to 410p.

Some 11m shares in **British Petroleum** were traded and the price closed 16½ higher at 352p reflecting US covering of the stock following reports of demand in New York's when-issued market for the warrants to be issued in connection with the recent successful bid for Standard Oil.

Other leading energy stocks went better in sympathy with **BP** with Shell rising {1/16} to £12{15/32}. **Britoil** put on 7½ to 272p reflecting sizeable institutional demand, while **Enterprise** picked up 6 at 265p. **British Gas** perked up at 109¼p, up 2½p, while **Ultramar** put on 5 to 228p. Press comment helped **Burmah** rise 9 to 493p.

The big four clearing banks endured another difficult trading session with share prices highly sensitive after the volatility of the sector earlier in the week.

Share prices moved higher first thing as domestic investors took the view that the hefty falls that followed Citicorp's move to make a \$3bn provision for losses against third world debts had been overdone. The firmer trend persisted for much of the day until a flurry of selling late in the afternoon took prices well off the day's best levels.

Barclays, the subject of a 41.5m share placing in New York and Tokyo during the past couple of days, closed a net 10 up at 553p, after 559p. **Midland** were finally 6 firmer at 639p, after 647p and **Lloyds** settled 3 easier on the day at 520p, after 538p. **NatWest**, which attracted renewed American buying at the outset owing to its low level of exposure to Latin American debts, closed unchanged on the day at 673p having touched 685p during early trading. **Morgan Grenfell** edged up 2 to 392p, after 396p, but other merchant banks moved narrowly.

Insurances included a firm feature in London and Manchester, which spurted 8 to 284p, after 290p, following a bout of speculative buying and a Press report that a 400p a share takeover bid is in the offing. **Britannic** advanced ¼ to £10½ in a thin market. Brokers showed **Sedgwick** 6 off at 294p on the static profits and **C. E. Heath** 12 cheaper at 486p on profit-taking.

Leading Building issues displayed small irregular movements, but secondary issues managed one or two noteworthy features. **Stanley Miller**, the subject of considerable speculative activity this week, turned easier on profit-taking and settled 10 lower at 125p. **Wiggins**, on the other hand, revived strongly at 216p, up 6, while **Countryside** firmed 5 afresh to 795p in a restricted market. **Breedon and Cloud Hill Lime Works** rose 10 to 420p following the annual meeting, while **Gibbs and Dandy A** revived with a gain of 6 at 71p.

Hopes of an outright bid from Adelaide Steamship continued to boost **Coates Brothers**, up 8 more at 312p. Renewed demand in a restricted market lifted **Anchor Chemical** 7 to 353p. **Wolstenholme Rink** improved a similar amount to 362p, but **Wardle Storeys** lost 10 at 520p following profit-taking.

Renewed talk that Sears may well launch a counter bid for Combined English Stores—where Next recently topped Ratners bid for the company—saw **Combined English** shares spurt ahead to 423p before dipping back to close a net 3 up at 420p. **Sears** were 1½ firmer at 166p. **Next** added 7 at 355p and **Ratners** improved a shade to 376p. Other firm features included **Woolworths**, 3 higher at 876p owing to a Wood Mackenzie buy recommendation, and **Laura Ashley** which rallied 5 to 192p. **Harris Queensway** were a similar amount to the good at 253p. **GUS "A,"** a strong market earlier in the week following the better than expected retail sales figure for April, eased {3/16} to £14{3/16} on profit taking. **Body Shop**, 10 up at 830p, continued to reflect the \$3.5m US expansion plan while **E. Upton "A"** jumped a further 20 to 130p awaiting news of the bid talks with Southern and City Property.

Racal were a bright spot in the electricals sector and the shares moved up 6 to 252p after a turnover of 4.2m shares following news that the company is holding a meeting with analysts next Tuesday to unveil its involvement in a new digital cellular radio communications network. **Plessey**, on the other hand, were persistently sold and closed 4½ cheaper at 220½p, on a turnover of 17m shares, ahead of the full-year figures scheduled for Thursday. **GEC** were a shade off at 224p still depressed by the recent denial by Hanson Trust of any bid intentions. Elsewhere news of the Swiss and North American expansions and share placements saw **Cray Electronics** edge up to 406p before closing a net 3 higher at 405p. **Wayne Kerr** moved up 4 to 80p while a good rally boosted **Circaprint** 5 to 173p.

Birmid Qualcast firmed 4 to 230p on the company's announcement that it has agreed buy TI New World and TI Vitreous Enamels from TI Group. The acquisitions are to be partly financed by a placing of some 6.3m shares at 215p to institutional investors and existing Birmid holders. Elsewhere in the Engineering sector, further consideration of the preliminary figures left **Deritend** 3 to the good at 291p, but **S. W. Wood**, the subject of speculative activity earlier in the week, reacted 10 to 90p. Leading issues to improve included **GKN**, 5½ higher at 326½p, and **Vickers**, 4 firmer at 212p.

Features in Foods were few, but **Cadbury Schweppes**, in which some 10m shares were traded, picked up 3½ to 245p. **Ranks Hovis McDougall** added 3 to 315p after details of the agreed sale of its dairy produce packing and manufacturing businesses to Grand Metropolitan for £19.5m; the latter were a shade better at 523p. **Dee Corporation** continued to attract buyers and put on 2 more to 244p, while takeover favourite **Bejam** added 3 to 211p. Still reflecting the recent good figures, **Acatos and Hutcheson** firmed 10 more to 426p.

Most of the interest in the miscellaneous industrial leaders centred on the pharmaceutical issues. **Beecham** featured with a rise of 18 at 525p on buying in anticipation of an expected investment recommendation from Hoare Govett. **Boots**, in contrast, drifted back to close 4 lower at 316p as leading City analysts took a highly sceptical view of talk that the company's heart drug Flosequinan might benefit from imminent changes in US drug approval. Elsewhere, further acquisition news directed buying attention to **Cannon Street Investments** which advanced 21 to 336p, while **Avon Rubber**, still reflecting the bumper interim figures, moved up 21 more to 664p. News of the agreement to acquire the US handgun manufacturer Smith and Wesson to be financed partly by the issue of some 18m new shares at 258p prompted a gain of 8 to 283p in **F. H. Tomkins**. Talk that Williams Holdings has sold its holding in Norcros and may now bid for Bridon left the latter 7 to the good at 196p. **DSC** moved up 58 more to 338p, having returned from suspension at 96p earlier in the week. This followed the announcement of a £2.6m rights issue and expansion moves accompanied by the appointment of Mr Ronald Price, a South African businessman, to the board. **Fisons** were supported and put on 20 to 375p, while **Kelsey Industries** gained 10 to 515p in response to the half-year figures. Dealings resumed in **Central and Sheerwood** at 15p compared with the suspension price of 13p following the rescue moves by Mr Robert Maxwell.

GRA Group, currently in bid talks with Priest Marians, dipped 13½ to 111½ on news that the completion of the contract with J. Sainsbury relating to the redevelopment of the Harringay Stadium site is being delayed due to opposition from Harringay Borough Council. **Riley Leisure** fell 5 to 101½p following news of a revised recommended offer from Midsummer Leisure: speculators had been banking on a higher bid from a third party.

A strong start to the year, the chairman announced a record profit level in the first quarter when addressing shareholders at yesterday's annual meeting, stimulated demand for motor distributor **C. D. Bramall**, up 10 at 321p.

The first-ever quarterly loss continued to unsettle **International Thomson**, down 36 more at 668p, but **Bristol Evening Post** were bought and rose 5 to 218p. Hopes that **Hunterprint** would shortly announce good interim figures put the shares up 20 further to 543p, while expansion prospects lifted **David S. Smith** 8 more to 337p. **Conrad**, a sharp riser over the two previous sessions, were suspended at 102p, down 4; a large share issue which includes a rights offer to shareholders was announced later. Among Advertising Agencies, **Saatchi & Saatchi** moved up 3 to 609p despite a chart "sell" recommendation, while **TMD** improved 4 more to 160p.

Property issues remained selectively firm. **British Land** moved up 3 to 257p, while **Great Portland Estates** added 3 to 303p. **Peachey** were 5 higher at 440p. Elsewhere. **Asda** attracted renewed buying interest at 515p, up 17, while **Helical Bar** rose 1 to £14¼ following the annual meeting at which the share sub-division was approved. **Clarke Nickolls** gained 25 to 260p in a restricted market and **Egerton** put on 25 to 220p.

Revived support uncovered stock shortages of **P & O** and the price strengthened 11 to a new peak of 678p. **Mersey Docks and Harbour** featured on news that a payment was being considered in respect of any balance of South Docks compensation, after treatment of costs; the units closed 4 higher at 43p.

John Crowther attracted investment interest and gained 4 to 198p, while **Kingsley and Forester** rose 5 to 72p. **Illingworth Morris** also featured prominently, rising 7 to 197p but **Tomkinsons**, which earlier in the week announced increased first-half profits, slipped 15 to 440p on profit-taking.

Frost Group, in which funds under Framlington's management now have 15.7 per cent, advanced 11 to 221p, while **Abingworth** improved 7 to 306p. Fresh expansion moves left **Tyndall** marginally easier at 387p; the group has sharply increased its stake in Bermuda-based Newport International, an investment management concern, via vendor share issue.

Polly Peck strongly refuted a charge that it was producing substandard television and radio sets in Turkey. Many TV manufacturers of international repute have faced similar allegations by the body, the Turkish Supreme Board of Radio and TV, and the group believes that the authorities will soon move to clarify industry standards. Production and marketing meanwhile is continuing normally. Polly Peck shares firmed 6½ to 292p. Other Overseas Traders also prospered with **Inchcape** rising 12 to 688p and **Harrisons & Crosfield** gaining 6 to 538p, the latter in front of Wednesday's preliminary statement.

Once again, the South African gold mining sector had a very thin session, despite this week's activity in world bullion markets. Share prices for the major producers turned easier towards the end of the day but this was in response to a sudden dip in the pound—which was later recovered. Traders said there was little selling and that the major investment institutions remained highly bullish both of bullion and of the producer shares.

Among the major names, **Cons Gold** fell back smartly as the weakness in sterling disturbed the more speculative holders. But among the producer issues, **Blyvoors**, **West Deep Levels** and **Driefontein** managed to hold on to their overnight quotations.

LONDON TRADED OPTIONS

Traded Options

Activity in Traded Options continued at a relatively high level, with 68,280 contracts done but fell well short of the record 106,195 contracts recorded on Wednesday, the day of the market debut of Rolls-Royce. Calls totalled 35,982 and puts 26,278. Rolls-Royce attracted 4,922 calls and 1,243 puts, while another substantial business was seen in British Gas where calls amounted to 3,218 and puts 8,264. Calls in British Telecom were only 790 but puts totalled 6,101.

Traditional Options

- First dealings May 18
- Last dealings May 29
- Last declaration August 20
- For Settlement Sept 1

For rate indications see end of Unit Trust Service

Stocks dealt in for the call included **Sainsbury**, **Norfolk Capital**, **Hawthorn Leslie**, **Electronic Machine**, **F. Copson**, **Triefus**, **Sound Diffusion**, **Charles Baynes**, **Ashley Industrial Trust**, **Hollis**, **Bridon**, **Stormguard**, **Fairline Boats**, **Blacks Leisure**, **Rotaprint**, **Racal**, **Bejam**, **Standard Chartered**, **Rexmore**, **Premier Consolidated**, **Dares Estates** and **Bestwood**. A put was arranged in **Aurora**, while **Standard Chartered** were dealt in for the double.

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (161)

CORPORATION LOANS (1), COMMONWEALTH & AFRICAN LOANS (1), AMERICANS (1), BANKS (4), BREWERS (2), BUILDINGS (8), CHEMICALS (6), STORES (10), ELECTRICALS (6), ENGINEERING (10), FOODS (3), HOTELS (2), INDUSTRIALS (33), INSURANCE (2), LEISURE (3), MOTORS (6), NEWSPAPERS (1), PAPER (8), PROPERTY (13), SHIPPING (2), TEXTILES (6), TRUSTS (27), OVERSEAS TRADERS (4), MINES (7).

NEW LOWS (17)

BRITISH FUNDS (1) Treas 8pc 2002-06 'A' (£30pd), LOANS (1) N'wide 3⅞pc IL Ln 2021 (£25pd), AMERICANS (7) BankAmerica, Bell Atlantic, Campbell Soup, CityFed Fin Corpn, Lockheed Corpn, Pillsbury, Saul (B.F.), CANADIANS (3) Henlys Group, Rio Algom, Trans Can Pipe, BANKS (1) Cie B'cre, CHEMICALS (1) Snia BPD, ELECTRICALS (1) F. & H. Group, INDUSTRIALS (1) Electrolux, PAPERS (1) Ferry Pickering.

LONDON STOCK EXCHANGE

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ⊕ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

Corporation and County Stocks No. of bargains included 10

Greater London Council6¾% Stk 90/92 - £92 5 6
Birmingham Corp2½% Stk 1926(or after) - £22 (18My87)
3% Stk 1947(or after) - £25 (18My87)
3% (1902) 1932(or after) - £26 (15My87)
Bristol Corp Deb Stk (3½%) - £27% (18My87)
Hull Corp3½% Stk(2nd Iss) - £25 (19My87)
Manchester Corp4% Cons Ird Stk - £34 (20My87)
Newcastle-Upon-Tyne(City of)11¼% Red Stk 2017 - £114½ (19My87)

UK Public Boards

Foreign Stocks, Bonds, etc-(coupons payable in London)

Sterling Issues by Overseas Borrowers

Banks and Discount Companies

Bank of Wales PLC13½% Subord Uns Ln Stk 95/97 - £117⊕
Barclays Bank PLC7¾% Uns Cap Ln Stk 86/91 - £90 2¾
8¾% Uns Cap Ln Stk 88/93 - £90 6¾ 7
12% Uns Cap Ln Stk 2010 - £122¾
16% Uns Cap Ln Stk 2002/07 - £144¾
Barings PLC5¾% Cum 1st Prf £1 - 80
8% Cum 2nd Prf £1 - 106½ (18My87)
Commerzbank AgCdbr(ies Warburg) DM10 - £17¼⊕
Guinness Peat Group PLC4.2% Cum Prf £1 - 55 (15My87)
Hill Samuel Group PLC8% Uns Ln Stk 89/94 - £91 2¾ (19My87)
Mercury International Group PLC7¾% Cum Prf £1 - 101 ½ (19My87)

Breweries and Distilleries

Commercial, Industrial, etc

Financial Trusts, Land, etc

Insurance

Investment Trusts

Registered Housing Associations

Unit Trusts

Mines - Miscellaneous

Mines - South African

Oil

Property

USM Appendix

Plantations

Railways

Shipping

Utilities

Water Works

UCL Group PLC New Ord 5p (Fp/LA-2/6/87) - 157 (20My87)
Wyevale Garden Centres PLC Ord 50p - 285 95

SPECIAL LIST

RULE 534 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

AOG Minerals 25φ (20/5)
Aberfoyle 257φ (18/5)
Acorn Securities 98φ 100φ 01φ 03φ 05φ 10φ SA2.33φ 99p 100 02 SA2.18
Allstate Explorations SA1.7φ
Amatil 440 (18/5)
Amber Gold 24¾ $117½
American Barrick Resources Corp NPV £23.05φ 23⅛φ (18/5)
Airship Inds (Lon Reg) 55φ 6φ 7φ 8φ 60φ 2φ 6φ 52 3 4 5 6 7 8 60 5 6
Airship Inds 60φ 52½
Airship Inds (ADR) $26½ (20/5)
Ames Department Stores $21.0 (19/5)
Ampol Exploration 230φ (20/5)
Amsterdam-Rotterdam Bank $33.55 Fl76.2
Aust. Oil and Gas 110
Bamboo Gold Mines 8 (20/5)
Beverly Enterprises $14½ ⅝
Burwill Inc. $H1.395
CSF (Thomson-CSF) Fr1517.0φ 1520.0φ 5φ 35φ £146.0 Fr1460.0 (20/5)
Centaur Mining Exploration $A3.468 3.567
Central Norseman Gold 128φ SA3.55φ SA3.339 3½
Central Victorian Gold Mines 14 (19/5)
Circle K Corp $13.0
Conex Aust 5½φ
Cooper Industries £32½ (20/5)
Development Bank of Singapore S$12.0
Devex SA1.634φ 1.65φ 1.663φ
Duiker Exploration R22½
Du Pont (E. I.) De Nemours $109¼

Continued on page 18

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY MAY 21 1987					WEDNESDAY MAY 20 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (94)	139.98	−0.7	123.57	128.99	3.03	140.95	124.13	129.56	140.95	99.92	87.58
Austria (16)	88.65	−1.2	78.25	81.82	2.30	89.71	79.01	82.49	101.62	88.65	85.73
Belgium (47)	116.47	−1.1	102.81	106.27	4.49	117.76	103.70	107.01	123.62	96.19	78.74
Canada (131)	125.30	−0.9	110.61	122.26	2.49	126.43	111.34	123.27	136.17	100.00	100.24
Denmark (39)	117.28	−0.2	103.53	106.71	2.59	117.49	103.47	106.67	124.10	98.18	97.95
France (122)	112.18	−1.2	99.03	104.65	2.67	113.57	100.02	105.73	121.82	98.39	87.36
West Germany (90)	91.49	+0.0	80.76	84.52	2.20	91.47	80.55	84.39	100.33	84.00	82.04
Hong Kong (45)	108.80	−0.2	96.05	109.00	3.03	109.07	96.05	109.27	114.71	96.89	71.72
Ireland (14)	129.01	−0.2	113.88	120.70	3.61	129.22	113.80	120.66	131.86	99.50	85.14
Italy (76)	101.59	+0.1	89.68	97.80	1.69	101.52	89.41	97.39	112.11	94.76	103.23
Japan (458)	150.61	+0.5	132.95	133.71	0.49	149.89	132.00	132.46	161.28	100.00	72.99
Malaysia (36)	166.00	+0.8	146.54	157.93	2.40	164.71	145.05	156.54	166.00	98.24	67.39
Mexico (14)	173.81	−1.0	153.43	236.03	0.93	175.62	154.66	238.09	197.27	99.72	50.51
Netherland (38)	118.21	+0.4	104.35	107.98	4.11	117.68	103.63	107.59	120.14	99.65	87.73
New Zealand (27)	91.30	−1.1	80.60	83.68	3.24	92.28	81.27	84.50	100.59	83.93	64.95
Norway (24)	138.17	−1.2	121.97	124.10	2.04	139.86	123.17	125.05	139.86	100.00	90.52
Singapore (27)	137.99	+1.1	121.82	134.37	1.76	136.46	120.17	133.00	137.99	99.29	60.15
South Africa (61)	181.62	+0.3	160.33	123.12	3.19	181.03	159.43	124.63	186.74	100.00	86.76
Spain (43)	112.30	−1.7	99.14	105.92	3.87	114.25	100.61	107.28	121.31	100.00	81.53
Sweden (33)	114.37	+1.6	100.96	105.44	2.19	112.62	99.18	103.70	124.63	90.85	86.04
Switzerland (51)	95.94	+0.7	84.69	86.78	1.98	95.27	83.90	85.82	104.06	93.26	80.68
United Kingdom (338)	144.86	−1.0	127.88	127.88	3.27	146.27	128.81	128.81	148.66	99.65	96.20
USA (596)	114.71	+0.8	101.26	114.71	3.16	113.85	100.26	113.85	124.06	100.00	100.72
Europe (931)	119.14	−0.6	105.17	108.15	2.93	119.83	105.52	108.51	121.61	99.78	90.44
Pacific Basin (687)	148.66	+0.4	131.23	132.59	0.65	148.04	130.37	131.45	158.30	100.00	73.37
Euro–Pacific (1618)	136.89	+0.1	120.84	122.84	1.44	136.79	120.47	122.29	143.22	100.00	80.10
North America (727)	115.27	+0.7	101.76	115.14	3.12	114.52	100.85	114.38	124.60	100.00	100.70
World Ex. US (1824)	136.98	+0.0	120.92	129.18	1.50	136.92	120.58	129.08	143.09	100.00	80.86
World Ex. UK (2082)	126.65	+0.4	111.80	119.24	1.94	126.10	111.05	118.47	133.35	100.00	87.94
World Ex. So. Af. (2359)	127.93	+0.3	112.93	119.99	2.07	127.56	112.34	119.36	133.85	100.00	88.65
World Ex. Japan (1962)	117.66	+0.2	103.87	113.23	3.04	117.46	103.44	112.95	121.91	100.00	96.13
The World Index (2420)	128.27	+0.3	113.23	120.04	2.08	127.90	112.64	119.44	134.11	100.00	88.64

Base values: Dec 31, 1986 = 100

Latest prices unavailable for this edition.

EUROPEAN OPTIONS EXCHANGE

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
		Aug 87		Nov 87		Feb 88		
GOLD C	$420	8	57A	26	69A	—	—	$465.10
GOLD C	$440	18	43	10	55A	—	—	"
GOLD C	$460	87	28	15	42A	23	52	"
GOLD C	$480	31	20	69	33A	62	43	"
GOLD C	$500	60	12.50A	101	25	112	36	"
		Jun 87		Sep 87		Dec 87		
SILVER C	$600	—	—	—	—	50	320	$845
SILVER C	$850	50	55	10	120A	6	135B	"
SILVER C	$900	74	40	—	—	11	150A	"
SILVER C	$950	38	40	—	—	—	—	"
SILVER C	$1000	9	30	—	—	46	100	"
SILVER C	$1050	—	—	10	55	31	90A	"
SILVER P	$800	20	258	30	80	70	95B	"
SILVER P	$850	21	60	27	100	—	—	"
£/Fl C	Fl.1.335	12	2.50	22	5	—	—	Fl.335.62
£/Fl C	Fl.1.340	—	—	240	2.80	5	4	"
		Jun 87		Jul 87		Aug 87		
$/Fl C	Fl.200	76	2.50	20	3.40B	15	4.30	Fl.200.76
$/Fl C	Fl.205	17	0.70	7	1.70B	—	—	"
$/Fl C	Fl.210	179	0.30	—	—	—	—	"
$/Fl P	Fl.200	21	2.40	—	—	—	—	"
		Sep 87		Dec 87		Mar 88		
$/Fl C	Fl.190	—	—	—	—	18	11.50	Fl.200.76
$/Fl C	Fl.200	436	4.50	279	5.90	27	6.60B	"
$/Fl C	Fl.205	—	—	10	3.90	26	4.80	"
$/Fl C	Fl.210	—	—	—	—	17	3.90	"
$/Fl C	Fl.230	—	—	55	0.60	—	—	"
$/Fl P	Fl.200	8	5.70A	—	—	—	—	"
		July 87		Oct 87		Jan 88		
ABN C	Fl.520	202	3.50	44	18	1	10	Fl.479
ABN P	Fl.500	364	25	51	34	—	—	"
AEGON C	Fl.90	78	2.80	24	4.40	6	6	Fl.87
AEGON P	Fl.85	25	1.80	33	3.80	—	—	"
AHOLD C	Fl.100	112	4.20	7	5.90	—	—	Fl.101
AHOLD P	Fl.105	272	5.80A	10	6.90	—	—	"
AKZO C	Fl.140	66	1.60	108	5	15	7	Fl.130.10
AKZO P	Fl.130	40	3.60B	18	5.60	17	6.80	"
AMEV C	Fl.60	70	2.30	3	4.20A	—	—	Fl.59.60
AMEV P	Fl.55	460	0.20	—	—	10	2	"
AMRO C	Fl.80	42	1.20	12	2.80	—	—	Fl.75.50
AMRO P	Fl.85	7	9B	—	—	150	10.50B	"
ELSEVIER C	Fl.50	140	1.20	30	2.60	32	4.20B	Fl.48.20
ELSEVIER P	Fl.50	137	2.70A	19	3.50	2	4.50	"
GIST-BROC C	Fl.50	80	0.30	—	—	—	—	Fl.41.30
GIST-BROC P	Fl.45	177	4	22	4.50	15	5	"
HEINEKEN C	Fl.180	46	3.70	62	6.50	—	—	Fl.172.50
HEINEKEN P	Fl.180	40	9.20	—	—	—	—	"
HOOGOVENS C	Fl.40	79	3.20	81	4.50	54	6	Fl.41.80
HOOGOVENS P	Fl.40	66	1.80	46	2.70	4	3.30	"
KLM C	Fl.45	446	3.20	102	4.20	—	—	Fl.46.40
KLM P	Fl.35	400	0.10	—	—	—	—	"
NED. LLOYD P	Fl.140	39	8	6	10.80	7	12	Fl.142
NAT. NED. C	Fl.65	3	5	75	5.80	23	7.70	Fl.68.60
NAT. NED. P	Fl.70	9	3	26	4.50	35	5.10	"
PHILIPS C	Fl.50	309	1.30	188	2.90	42	3.90	Fl.47.30
PHILIPS P	Fl.50	160	3.30	24	4.10	80	4.70	"
ROYAL DUTCH C	Fl.260	274	5.90	77	10	—	—	Fl.255.80
ROYAL DUTCH P	Fl.250	290	4.70	141	7.60	—	—	"
UNILEVER C	Fl.620	349	26.10	159	40.50	14	48	Fl.628.50
UNILEVER P	Fl.560	187	1.60	25	4	59	8	"

TOTAL VOLUME IN CONTRACTS: 42,312

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	9	● Charterhouse Bank	9	● Morgan Grenfell	9
Adam & Company	9	Citibank NA	9	Mount Credit Corp. Ltd.	9
Allied Arab Bk Ltd	9	City Merchants Bank	9	Nat. Bk. of Kuwait	9
Allied Dunbar & Co	9	Clydesdale Bank	9	NatWestminster	9
Allied Irish Bank	9	Comm. Bk. N. East	9	Northern Bank Ltd.	9
American Exp. Bk.	9	Consolidated Cred.	9	† Norwich Gen. Trust	9
Amro Bank	9	Co-operative Bank	*9	PK Finans. Intl (UK)	10
Henry Ansbacher	9	Cyprus Popular Bk	9	Provincial Trust Ltd.	11
ANZ Banking Group	9	Duncan Lawrie	9	R. Raphael & Sons	9
Associates Cap Corp.	9	E. T. Trust	10	Roxburghe G'rantee	10½
Authority & Co Ltd.	9	Equatorial Tst'p plc	9½	Royal Bk of Scotland	9
Banco de Bilbao	9	Exeter Trust Ltd.	9½	Royal Trust Bank	9
Bank Hapoalim	9	Financial & Gen. Sec.	9	Smith & Williamson Secs.	9
Bank Leumi (UK)	9	First Nat. Fin. Corp.	10½	Standard Chartered	9
Bank Credit & Comm	9	First Nat. Sec. Ltd	10½	Trustee Savings Bank	9
Bank of Cyprus	9	● Robert Fleming & Co.	9	UDT Mortgage Exp.	¶11.1
Bank of Ireland	9	Robert Fraser & Ptrs.	10	United Bk of Kuwait	9
Bank of India	9	Girobank	9	United Mizrahi Bank	9
Bank of Scotland	9	Grindlays Bank	‡9	Unity Trust PLC	9
Banque Belge Ltd	9	● Guinness Mahon	9	Westpac Bank. Corp.	9
Barclays Bank	9	HFC Trust & Savings	9	Whiteaway Laidlaw	9½
Benchmark Tst Ltd	9	● Hambros Bank	9	Yorkshire Bank	9
Beneficial Trust Ltd	10½	Heritable & Gen. Tst.	9		
Berliner Bank AG	9	● Hill Samuel	§9		
Brit Bk of Mid East	9	C. Hoare & Co.	9		
● Brown Shipley	9	Hongkong & Shangh.	9		
Business Mtge Tst.	9½	Lloyds Bank	9		
CL Bank Nederland	9	Mase Westpac Ltd.	9		
Canada Permanent	9	Meghraj & Sons Ltd	9		
Cayzer Ltd.	9	Midland Bank	9		

● Members of the Accepting Houses Committee. * 7-day deposits 4%. Savewise 6.66%. Top Tier—£2,500+ at 3 months' notice 7.97%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 4½% gross. § Mortgage base rate. ¶ Demand deposit 3.99%. Mortgage 11.25%.

Continued from page 17

East Coast Minerals 22
Emu Hill Gold Mines 9
Free State Cons. Gold Mines R0.50 $17½ ⅝ ⅞ ¼ R58½
Geometals 35 (20/5)
Golconda Minerals 73 (20/5)
Gold Copper Exploration $A0.41ϕ 0.42ϕ 0.43ϕ (15/5)
Golden Valley Mines $A1.212 (20/5)
Grants Patch Mining 37ϕ (15/5)
Greenbushes Tin 44 (19/5)
Hang Lung Development $H13.0ϕ
Haoma North West 11½ϕ
Harland (John H.) Co £14¼
Hill 50 Gold Mines 74ϕ
Holiday Corp £11⅝ϕ £12.3ϕ
Hunter Resources 75
Invincible Gold NL Ord A$0.30 (A$0.20) 40ϕ (19/5)
Jamex Resources 63 (15/5)
Jardine Matheson Finance Warrants 27ϕ (18/5)
Jones Mining (A$0.20) 35 (15/5)
Kay Corp $10.0ϕ
Keystone International $19.155ϕ (19/5)
Kulim Malaysia Ord 42ϕ (20/5)
Kulim Malaysia Ord (Malay Reg) 165 (20/5)
Little River Gold Mines A$3.35ϕ
Loral Cpn $38.0 (19/5)
Magnum Resources 127 (15/5)
Malaysian Airline System $2.56ϕ (19/5)
Matsushita Electric Industrial Y1670 5 92½ 700 10
Mid-East Minerals 54 (19/5)
Minolta Camera Co Y618.58
Mitsubishi Heavy Industs Y560 3 (19/5)
Mohawk Data Sciences Cpn $27⅛ϕ (19/5)
Mount Carrington Mines 330ϕ (20/5)
Mount Martin Gold Mines 54ϕ (19/5)
Murphy Oil Cpn $36⅝ϕ (18/5)
National Electronics (Consolidated) HK$1.076
Nationale-Nederlanden CVA (Fl 2.5) $34.2ϕ Fl 68.2ϕ Fl 68¼ 68.35
New Zealand Goldfields NZ$5.0 (15/5)
Night Hawk Resources 74 (19/5)
North Flinders Mines A$30.4 30.65
Ocean Resources 35ϕ
Oceanic Equity Ord 128
Oil Search 55ϕ 6ϕ 55 7
Ollmet Resources 43ϕ 44
Overseas Chinese Banking Cpn 265ϕ (20/5)
Pancanadian Petroleum £14⅝
Pargesa Holdings SA SFr2095.0ϕ
Pioneer Electronic Cpn Y2115.0
Playmates Holdings $0.21ϕ (18/5)
Plenty River Mining Co 10
Poseidon 247ϕ 234 6 A$5.48 5.57 5.682 5.82
Pretoria Portland Cement 275ϕ 260 R16.3
Range Resources 29 ⅝ (20/5)
Regal Hotels (Holdings) 20ϕ 3ϕ 15
Royex Gold Mining Cpn 258ϕ
Schering-Plough Cpn £53¾ϕ (15/5)
Service Cpn Intl $25.06 (19/5)
Sky Line Explortn. Com NPV 560¾ϕ 79ϕ 550 C$12.9
Smithkline Beckman Cpn $111¼ϕ (15/5)
Societe Nationale Elf Aquitaine Fr 385 7 8
Sonora Gold Cpn C$11.45ϕ ¼ϕ (20/5)
Source Perrier Fr 750.0 (18/5)
Southland Cpn $45¼ϕ (19/5)
Swire Pacific "B" HK$3.275ϕ 3.288ϕ 3.3ϕ p22
Tandem Resources 95
Target Petroleum Ord A$0.859
Target Petroleum (A$0.15) 14ϕ (15/5)
Valiant Consolidated 27 (19/5)
Victoria Exploration A$0.28ϕ (18/5)
Vurtzon (Louis) Fr 1120.0 (19/5)
Vultan Minerals 33 (18/5)
Westfield Minerals 152 (19/5)
Wong Industrial Holdings $0.29ϕ
Zanex 12ϕ (19/5)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange.

Airship Inds (12½p) 40 1 4 5 7 (15/5)
All England Lawn Tennis Gnd £500 Dbs 1986-90 (£862 pd) £25,000 26,000
Anglo-Am Agric 66 (18/5)
Ann Street Brewery (£1) 750 (19/5)
Appleton (10p) 17 (20/5)
Assoc Hotels (50p) 260
Barbican Hldgs (1p) 4 ½ 5
Carraun (10p) 14 ½ (15/5)
Channel Island Communications 425
Conister Trust (10p) 97 (19/5)
Cresta Hldgs (10p) 97 (20/5)
Dart Valley Light Rlwy (£1) 175 180 (18/5)
David & Charles Publishers (1p) 17
Dawson (Wm) (10p) 580 90 (20/5)
Explaura Hldgs (5p) 45 7 (19/5)
Fredericks Place Hldgs (20p) 78 80 (18/5
Grampian TV (10p) 80 (15/5)
Jersey Gas (£1) 300
Jersey New Waterworks 5pc3rdPf (£5) 225 (18/5)
Kemp P.G. Hldgs (5p) 27 ¾ (19/5)
Kunick Leisure (10p) 35 6 ½ 8 9
Le Riches Stores (£1) 430 (20/5)
Lincolnshire Standard 350 (20/5)
London Wall Hldgs (£1) 245 7 (15/5)
Lovat Oil & Gas (20p) 20
Manchester Utd FC (£1) 380
Merrett (10p) 418
Norton Villiers Triumph (1p) 5 6 (20/5)
Oodles (10p) 21 3
Parks Ests (Liverpool) (£1) 840 (15/5)
Rangers FC (£1) 12⅛ (18/5)
Red Rose Radio A NV (10p) 87 93 (20/5). Var Rate ConLn 1992 465 9 5
St Austell Brewery (£1) 524 (19/5)
Severn Valley Railway (£1) 70 (20/5)
Shanks & McEwan (50p) 600 10 (15/5)
Southern Newspapers (£1) 293 4
UTC Trading Corp (5p) 50 60. Do Warrant 29½ 33 (20/5)
Union Jack Oil 98 100 (20/5)
Utd Friendly Insce (10p) 750 (15/5)
Weetabix A (non-vtg) 257½ (15/5)
Winchmore 73 5 (15/5)
Wynstay Props 112 (15/5)

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Andaman Resources (10p) 80, 1 (20/5)
Kenmare Oil Exploration (I£0.25) 42, 3, ½, 4, 5

(By permission of The Stock Exchange)

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	838	169	−1
Allied Lyons	17,000	432	+11
Amstrad	697	203	—
Assoc. Brit. Foods	1,900	446	+2
Argyll Group	88	378	—
BAT	1,600	539	—
BET	543	283	+1
BOC	745	459	+3
BPB Inds	247	750	+2
BPCC	1,600	300	+3
BTR	2,100	316	+4
Barclays	986	553	+10
Bass	727	975	−2
Beecham	4,200	525	+18
Blue Circle	186	897	−8
Boots	4,751	316	−4
Brit. Airways	8,500	152	+4
Brit. Aero	3,600	617	+5
Brit. & Comm.	823	435	—
Brit. Gas	30,750	109¼	+2½
Britoil	7,200	272	+7½
BP	11,000	352	+16½
Brit. Telecom	6,500	295	+1
Bunzl	230	249	—
Burton	1,300	313	—
Cable & Wire	2,400	395	−8
Cadbury Schwps	9,900	245	+3½
Coats Viyella	243	652	+2
Comm. Union	974	327	−3
Cons. Gold	969	£11 1/16	−1/16
Cookson	342	669	—
Courtaulds	147	456	−½
Dee Corpn	13,000	244	+2
Dixons Grp	585	387	−1
English China Clays	303	458	—
Fisons	2,100	375	+20
Gen. Accident	458	985	−8
Gen. Elect	5,300	224	−1
Glaxo	1,000	£15⅞	+⅛
Globe Investment	489	166½	−½
Granada	5,200	353	−2½
Grand Met	1,600	524	+2
Gus "A"	503	£14 5/16	−1/16
Guardian R.E.	179	950	−10
GKN	1,400	326½	+5½
Guinness	7,700	357	+3
Hanson Trust	1,700	165	+1
Hawker Sidd	291	530	—
Hillsdown Hldgs	525	277	—
ICI	1,500	£13¾	—
Jaguar	1,000	527	—
Ladbroke	1,500	419	+7
Land Securities	1,300	495	—
Legal & Gen.	339	305	+1
Lloyds Bank	2,700	520	−3
Lonrho	147	293	−2
MEPC	702	469	+1½
Marks & Spncr	1,400	249½	−2½
Midland Bank	1,200	639	+6
NatWest Bank	2,300	673	—
Next	1,600	355	+7
Pearson	3,300	630	+1
P & O	2,500	678	+11
Pilkington Bros	636	842	+1
Plessey	17,000	220½	−4½
Prudential	99	909	−3
Racal	4,200	252	+6
Rank Org	319	741	+6
RHM	690	315	+3
Reckitt & Col	324	£11½	+3/16
Redland	1,100	497	−2
Reed Intl.	114	444	+3
Reuters	1,400	706	+8
RMC	95	911	+3
RTZ	418	£10¾	−⅛
Rolls-Royce	75,000	146	+2
Rowntree Mac	190	505	—
Ryl Bank Scotland	403	342	+3
Royal Insurance	748	958	−5
STC	2,500	299	−2
Saatchi & Saatchi	135	609	+3
Sainsbury	243	520	—
Sears	21,500	166	+1½
Sedgwick	3,300	294	−6
Shell Trans	4,200	£12 13/16	+1/16
Smith & Nephew	3,000	159½	+1½
Standard Chart	742	820	−3
Storehouse	213	324	—
Sun Alliance	100	850	−8
TSB	4,300	90	+1
Tarmac	1,000	556	−8
Tesco	5,200	521	+1
Thorn EMI	1,800	699	+10
Trafalgar House	684	355	—
T'house Forte	3,900	236½	+1
Unigate	246	419	−1
Unilever	348	£29 15/16	—
United Biscuits	664	299	—
Wellcome	995	450	+1
Whitbread "A"	872	345	−2
Woolworth	1,400	876	+3

LEADERS AND LAGGARDS

Percentage changes since December 31 1986 based on Thursday May 21 1987

Mining Finance	+58.71	Industrial Group	+30.60
Gold Mines Index	+45.31	Capital Goods	+30.23
Health and H'sehold Products	+42.70	Food Manufacturing	+29.70
Property	+40.74	All-Share Index	+29.14
Metals and Metal Forming	+39.94	Contracting, Construction	+28.94
Textiles	+38.62	Other Groups	+28.12
Shipping and Transport	+36.30	Chemicals	+27.26
Publishing and Printing	+35.19	Mechanical Engineering	+26.76
Oils and Gas	+33.94	Other Industrial Materials	+26.35
Building Materials	+33.77	Brewers and Distillers	+23.81
Stores	+33.76	Food Retailing	+23.14
Electronics	+33.44	Insurance (Composite)	+22.87
Overseas Traders	+33.37	Motors	+22.80
Telephone Networks	+33.31	Financial Group	+21.30
Packaging and Paper	+33.20	Conglomerates	+18.88
Electricals	+32.73	Insurance (Life)	+17.04
Consumer Group	+32.25	Investment Trusts	+14.49
Leisure	+31.86	Banks	+13.57
Agencies	+31.51	Merchant Banks	+12.77
500 Share Index	+31.06	Insurance Brokers	+ 6.22

RISES AND FALLS ON THE WEEK

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	12	76	25	162	332	71
Corporations, Dom. and Foreign Bonds	6	21	39	38	93	199
Industrials	512	400	629	2,396	2,423	2,896
Financial and Props.	158	113	323	832	820	1,318
Oils	34	27	51	115	176	270
Plantations	0	3	11	9	12	49
Mines	37	78	71	224	313	393
Others	104	52	84	276	499	420
Totals	863	770	1,233	4,052	4,668	5,616

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Mayflower Management Co Ltd
No. 1 London Bridge, London, SE1 9QU 01-378 7000

Income May 18	339.0	350.0	—	3.19
General May 5	259.1	275.7	—	1.77
International May 5	150.3	159.9	—	0.46
Global Inc Fd May 5	48.5	51.6	—	5.33

Medical Investments Limited
4 Sandys Row, London E1 7HW. 01-247 1167/8/9

Health Fund	48.4	50.9	-0.5	—

Mencap Unit Trust Mngrs Ltd (a)(c)(g)
Unicorn Hse, 252 Romford Rd, E7 01-534 5544

Mencap	181.9	192.4xd	—	3.78

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS 01-280 2860

American Growth	102.4	108.5xd	+1.5	2.34
(Accum Units)	107.5	113.7xd	+1.6	2.34
British Blue Chip Fund	48.9	51.7	-0.1	2.42
(Accum Units)	49.0	52.7	—	2.42
American Smaller Cos Fd	47.0	49.7	-0.4	0.49
(Accum Units)	47.0	49.7	-0.4	0.49
American Sm Cos Ex Fd	44.1	45.3	+0.4	0.44
(Accum Units)	44.1	45.3	+0.4	0.44
American Income	48.3	51.0xd	+0.5	5.52
(Accum Units)	52.3	55.3	+0.6	5.52
European Growth	136.9	144.5	+3.0	0.65
(Accum Units)	140.7	149.6	+3.1	0.65
European Income	79.0	83.5	+0.9	3.59
(Accum Units)	81.2	85.8	+1.0	3.59
General	345.7	365.6	+2.5	2.26
(Accum Units)	574.1	607.5	+4.5	2.26
Gilt	92.1	93.5	+0.1	7.02
(Accum Units)	107.2	107.7	+0.2	7.02
Global Fund	47.8	50.5	+0.5	0.70
(Accum Units)	47.9	50.6xd	—	0.69
High Interest Fund	47.7	50.4	—	8.93
(Accum Units)	47.7	50.4	—	8.93
High Income Fund	49.1	51.9	+0.1	5.06
(Accum Units)	49.8	52.8xd	—	5.06
Income	113.9	120.5	+1.3	3.69
(Accum Units)	129.9	137.4	+1.4	3.69
International	283.7	299.8	+3.3	1.37
(Accum Units)	352.5	373.0	+4.0	1.37
Japan	220.7	233.2	+5.0	0.14
(Accum Units)	226.3	239.4	+5.2	0.14
Pacific Fd	50.1	53.0	-0.2	0.10
(Accum Units)	50.3	53.2	—	0.10
Recovery	282.2	298.6xd	+1.5	2.17
(Accum Units)	306.4	324.7	+1.6	2.17
UK Smaller Co's Fd	49.2	52.0	—	1.92
(Accum Units)	49.2	52.0xd	—	1.93
Exempt May 12	338.0	346.4	—	2.12
(Accum Units)	529.4	542.9	—	2.12

Metropolitan Unit Trust Mngrs Ltd
5 Darkes Lane, Potters Bar EN6 1AJ. 0707 45184

UK Income Fund	56.2	59.7	—	5.09
Accum Units	56.2	59.7	—	5.09

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

PM Equity Growth	107.8	114.7	+0.2	0.45
PM Income and Growth	95.4	101.5	—	3.15
PM N American Growth	48.6	51.6	—	0.39
PM European Growth	44.7	47.5	-0.4	0.46
PM Japan Growth	69.1	73.5	+1.4	0.36
PM Overseas Growth	49.1	52.3	—	0.48

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-69 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn Link Line 0800 010345

Holborn Comm Tst.	70.2	74.2	+0.2	0.41
Holborn Equity Income	65.3	69.0xd	+0.2	3.73
Holborn Equity Tst	539.8	571.2xd	+1.9	2.36
Holborn European Tst.	108.8	115.1xd	+0.1	0.72
Holborn Gilt Tst.	213.5	222.4xd	+0.4	2.14
Holborn High Inc Tst	81.9	86.6	+0.3	4.98
Holborn Intl Gth Tst	111.1	117.5	+0.8	0.74
Holborn Japanese Tst.	126.8	134.1	+3.1	0.04
Holborn N. Amer. Tst.	83.5	88.3xd	+0.3	0.55
Holborn Sm Cos Tst.	70.7	74.8xd	+0.2	1.53
Holborn Spec Sits Tst	92.2	97.5	+0.3	1.50
Holborn UK Growth Tst.	109.4	115.7	+0.6	1.62

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen. Fd	612.9	648.6	+1.7	1.69
Quadrant Income	318.1	336.7	-0.1	4.25
Quadrant Intl. Fund	420.8	445.5xd	-0.5	1.15
Quadrant Spec. Sits.	400.1	423.4	+11.6	1.92

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 510033

British Life	226.8	241.2	—	2.38
Reliance Unit Tst (Inc)	150.8	160.3	—	2.02
Reliance Ut Tst (Acc)	203.0	215.8	—	2.02

Rensburg Fund Managers
Silkhouse Ct., Tithebarn St., Liverpool. 051-227 2030

Internat. Growth Trust	46.9	49.4	+0.7	1.5

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 01-634 2981/4

NC America (Inc)	294.8	313.6	+1.9	0.92
NC America (Acc)	322.0	342.5	+2.1	0.92
NC Inc Fd	116.7	124.1xd	+0.5	3.27
NC Japan Fd	204.9	217.9	+0.4	—
NC Major UK Cos Fd	67.1	71.3	+0.3	1.82
NC Smlr Australasian	80.8	85.9	-0.1	0.86
NC Smlr Canadian CoFd	—	50.0	—	—
NC Smaller Cos	204.3	217.3	+0.9	1.30
NC Smaller European	192.1	204.3	+0.1	0.51

INSURANCES

Contd. on next Page

FT UNIT TRUST INFORMATION SERVICE

MGM Assurance—Contd.

Pension Funds

Pension Equity	244.4	257.3	+0.8	—
Do. Accum	308.5	324.8	+1.0	—
Pens. Spec. Sits.	236.0	248.5	+0.8	—
Do. Accum	286.3	301.4	+0.2	—
Pens. North American	177.4	186.8	+0.5	—
Do. Accum	214.3	225.7	+0.6	—
Pens. Pacific Basin	351.3	369.8	+5.2	—
Do. Accum	426.3	448.8	+6.4	—
Pens. Fixed Int.	227.9	239.9	+0.1	—
Do. Accum	276.5	291.1	+0.1	—
Pens. Property	118.6	124.9	....	—
Do. Accum	143.9	151.5	....	—
Pens. Deposit	119.9	126.3	....	—
Do. Accum	145.4	153.1	....	—
Pens. Managed	234.3	246.7	+0.8	—
Do. Accum	283.8	298.8	+1.5	—

Manufacturers Life Insurance Co (UK)

St George's Way, Stevenage 0438 356101

Managed	431.0	453.7	....	—
Property	278.1	292.7	....	—
Equity	528.4	556.2	....	—
Gilt Edged	312.4	329.9	....	—
Deposit	202.9	213.6	....	—
Investment	225.9	237.8	....	—
International	405.6	426.9	....	—

Pension Fund Prices

Managed Init.	319.1	....	—
Do. Accum	338.4	....	—
Property Init.	240.5	....	—
Do. Accum.	292.5	....	—
Equity Init.	409.4	....	—
Do. Accum.	697.4	....	—

National Provident Inst.—Contd.

Pension Fund Prices

Man. Initial	312.1	328.6	+0.6	—
Man Acc.	376.1	395.9	+0.7	—
UK Eq. Initial	399.8	420.9	+1.0	—
UK Eq.	470.3	495.1	+1.2	—
Overseas Eq. Initial	347.8	366.2	+1.6	—
Overseas Eq.	434.0	456.9	+1.7	—
American Initial	242.3	255.1	+1.3	—
American	289.4	304.7	+1.4	—
Far East Initial	470.8	495.6	+3.2	—
Far East	560.5	590.1	+3.9	—
Prop. Initial	130.8	137.7	....	—
Prop.	155.8	164.1	+0.1	—
Fixed Int. Initial	192.0	202.2	+0.4	—
Fixed Int.	228.5	240.6	+0.5	—
Indexed Gilt Initial	107.4	113.1	-0.6	—
Indexed Gilt	126.5	133.2	-0.7	—
Deposit Initial	133.5	140.6	....	—
Deposit	160.5	169.0	+0.1	—

NPI Pensions Management Ltd

Managed Fund	902.2	918.3	....	—

Prices May 1. Next dealing June 1.

Norwich Union Asset Management Ltd

PO Box 124, Norwich NR1 3NS 0603 683986

NUAM Funds

Managed Fund	55.2	58.3	+0.3	—
Stock Market Mngt Fund	56.3	59.3	+0.2	—
Equity Fund	61.8	65.1	+0.2	—
International Fund	50.6	53.3	+0.4	—
European Fund	53.6	56.5	+0.4	—

Provident Mutual Life Assc. Assn.

Walton Rd, Hitchin, Herts

Provincial Life Assurance Co Ltd

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1987 High	1987 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
100½	99½	Treas. 10pc 1987	100⅛xd	.....	9.99	8.88
99⅝	97¼	Treas 3pc 1987	99⅛	.....	3.02	7.74
101¾	100⅞	Treas. 12pc 1987	101½	–⅛	11.82	8.30
99¾	97⅞	Treas 7¼pc 1985-88‡‡	99⅞	–⅛	7.78	8.41
102¼	99½	Exch 10½pc '88	101¾xd	–⅛	10.32	8.55
101⅞	98⅞	Treas 9¾pc Cv '88	101⅛xd	–⅛	9.65	8.66
96¾	95⅛	Transport 3pc '78-88	96½	–⅛	3.11	6.34
101⅝	98⅛	Treas. 9½pc '88	101	–⅛	9.41	8.74
105⅛	101⅛	Treas 11½pc 1989	104¼	–⅛	11.03	8.77
102⅛	97⅞	Treas 9½pc Cnv 1989	101⅛	–⅛	9.39	8.76
94⅝	89¾	Treas 3pc 1989	94½xd	–⅛	3.17	5.96
104⅝	99⅞	Treas 10½pc 1989	103⅛xd	–⅛	10.18	8.76
103⅛	98½	Exch 10pc 1989	102⅞	–⅛	9.78	8.85
105¼	100⅝	Exch 11pc 1989	104⅞	–⅛	10.53	8.81
95⅞	89⅞	Treas 5pc 1986-89	95½	–⅛	5.23	7.03
108⅛	100⅝	Exch 10¼pcCv '89	106xd	–⅛	9.66	7.49
111⅛	105⅝	Treas 13pc 1990‡‡	109½	–⅛	11.87	8.86
106½	100⅞	Exch 11pc 1990‡‡	105⅛	–⅛	10.47	8.84
110⅞	104⅞	Exch. 12½pc 1990	108⅞	–⅛	11.47	8.80
91⅞	84½	Treas. 3pc 1990	91⅞xd	–⅛	3.27	6.14
100⅛	93⅞	Treas 8¼pc 1987-90‡‡	99⅞xd	–⅛	8.25	8.27
105	97½	Treas. 10pcCv 1990	103⅛	–⅛	9.67	8.82
89⅞	81⅛	Exch 2½pc 1990	89½xd	–⅛	2.80	5.90
110½	103¼	Treas 11¾pc 1991	108⅞	–⅛	10.81	8.89
95⅞	87¼	Funding 5¾pc '87-91‡‡	95¼	–⅛	6.03	7.16
89⅞	80¼	Treas. 3pc 1991	89⅛xd	–⅛	3.37	6.13
110⅝	100⅛	Treas 10pc Cv '91 ‡‡	107¼	–⅛	9.29	7.78
109⅝	101¼	Exch. 11pc 1991	107⅞	–⅛	10.19	8.79
116⅞	108⅛	Treas 12¾pc 1992‡‡	114⅞	–⅛	11.12	8.84
106⅞	97⅞	Treas 10pc 1992	104⅞	–⅛	9.58	8.83
49⅝	47⅛	Treas. 8pc 1992 ‡‡(50pd)	47⅛	–⅛	8.15	8.47
108⅞	99⅞	Treas 10½pc Cv 1992‡‡	106⅞	–⅛	9.86	8.85
		Five to Fifteen Years				

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for September 1986: 387.8 and for April 1987: 101.8 (rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

FOREIGN BONDS & RAILS—Contd

AMERICANS

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
30⅝	22⅞	Sara Lee $1	23½xd	+⅛	$1.00	—	2.6
11	9⅛	Saul (B. F.) $1	9⅛	–⅛	20c	—	1.3
79	59⅞	Southwestern Bell $1	59½	–⅛	$6.96	—	7.2
17½	14⅛	Staley Continental	14½	+⅛	80c	—	3.4
44⅞	36½	Sun Co. Inc. $1	36⅞xd	+⅛	$3.00	—	5.0
74	57⅛	TRW Inc. $1¼	58xd	–⅞	$3.20	—	3.4
31	25⅞	Tenneco $5	27⅛xd	–⅛	$3.04	—	6.8
187½	149½	Do. 10pcLn.Stk. 91-5	182½xd	.....	10%	—	5.6
26¼	17⅞	Texaco $6.25	22⅞xd	+¼	$3.00	—	8.2
57⅛	47⅛	Time Inc. $1	50½	+⅛	$1.00	—	1.2
14½	11	Tracor $0.33	11	–⅛	40c	—	2.2
24½	18⅞	Transamerica $1	19⅛xd	+⅛	$1.76	—	5.6
11	925p	Transworld Corp $5	945p	+23	20c	—	1.3
42¼	29¼	TRINOVA Corp.	36⅞xd	+⅛	h$1.00	—	1.7
19⅛	15⅛	USX $1	18⅛	+⅛	$1.20	—	4.0
18¼	15⅛	Union Carbide $1	16½	–⅛	$1.50	—	5.6
35⅞	26⅞	Utd. Technologies	27⅛xd	+⅛	$1.40	—	3.2
38¼	27	US West	27⅞	+⅛	$3.28	—	7.3
33⅛	26	Woolworth $3½	26⅞	+⅛	$1.32	—	3.0

CANADIANS

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
23p	16p	Abbot Energy Corp.	17½p	–¼	—	—	—
25¼	10½	Amer. Barrick Res.	23½	–½	—	—	—
955p	360p	Armeno	102p	–2	—	—	—
19½	14⅛	Bk. Montreal	14⅛	.....	$2.00	—	5.9
10½	745p	Bk. Nova Scotia	751p	+6	72c	—	4.1
20½	18	BCE	18½	.....	$2.40	—	5.7
960p	712p	Bow Valley	873p	+1	40c	—	2.0
19⅛	12⅛	Brascan	15⅛	.....	88c	—	2.4
609p	277p	Bridgewater Res.	447p	.....	—	—	—
11½	894p	Can. Imp. Bk. $2	906pxd	+12	$1.08	—	5.2
12	865p	Can. Pacific	10⅞	–⅛	48c	—	2.0
[illegible]							

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Continued

1987 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
325	305	PWS Holdings 10p	319	−2	†q9.25	2.9	4.0	11.8
389	316	Pearl Group 5p	367	−2	10.5	—	3.9	—
*953	804	Prudential	909	−3	29.0	—	4.4	—
518	433	Refuge 5p	515	.....	15.75	—	4.2	—
£10½	847	Royal	958	−5	31.0	—	4.4	—
*344	288	Sedgwick Group 10p	294	−6	12.0	1.7	5.6	12.6
269	207	Steel Burrill J.10p	263	.....	9.0	2.0	4.7	14.7
505	403	Stewart Wr. 20p	451xd	−7	13.0	2.0	3.9	16.0
450	377	Sturge Hldgs 20p	429	+1	6.0	2.5	1.9	28.1
895	645	Sun Alliance	850xd	−8	23.5	—	3.8	—
£12¼	929	Sun Life 5p	£11¼	.....	28.5	—	3.5	—
£69½	£39	♥Taisho M'E.DR	£54¾	+1½	g010%	—	0.8	—
£21⅞	£14¾	Torchmark $1.00	£14¾	.....	060c	—	2.5	—
335	235	Trade Indemnity	335	.....	4.3	—	1.8	—
£34	£24⅝	Travelers $1.25	£25½	+⅛	$2.28	—	5.5	—
£32½	£20⅞	USLIFE Corp. $1.0	£20⅞	.....	Q$1.20	3.2	3.5	4.6
718	565	Willis Friendly B 10p	718	.....	21.0	—	4.1	—
464	367½	Willis Faber 12½p	435	−1	10.75	1.9	3.4	21.9
68	41	Windsor Secs. 10p	68	.....	†0.7	1.5	1.4	62.7

LEISURE

1987 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
37	11½	AA & M Group 10p	36	+½	0.4	2.0	3.4	20.0
76	69	A-R TV Pref. £1	76	.....	5.95	48.1	12.9	—
*549	302	Anglia TV	442	+1	g11.25	3.3	3.5	12.2
182	108	‡Aspinall Hldgs. 10p	180	.....	6.0	1.2	4.6	24.7
103	63	‡Avesco 1p	101	+1	0.5	6.6	0.7	25.9
48	40	‡BCE Hldgs 5p	44	.....	R0.0	3.0	3.1	14.6
195	132	Barr & W.A.T. 'A'	177xd	.....	8.0	♦	6.2	♦
193	165	Boosey & Hawkes	193	.....	—	—	—	—
83	45	‡Border T.V.	60	+1	†q2.5	3.2	5.7	15.1
*306	79½	Brent Walker 10p	294xd	.....	g8.5	2.2	4.8	13.8
*237	110	Campari Int. 20p	219	.....	3.0	5.1	1.9	11.2

MOTORS, AIRCRAFT TRADES

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING—Continued

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Cont.

TOBACCOS

TRUSTS, FINANCE, LAND

FINANCE, LAND—Cont.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

MINES

MINES—Continued

THIRD MARKET

1987 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
125	110	Allied Ins. Brokers	124xd	+1	L3.5	2.5	4.0	14.4
15	9	Ardmore Pet. 'A'	13½	.....	—	—	—	—
73	45	Catalyst Comms. 5p	70		—	—	—	—
98	47	Corton Beach 10p	86	+3	0.4	♦	0.6	♦
178	150	Crown Eyeglass 5p	165	.....	—	—	—	—
217	102	Endeavour Investment	215	+7		—	—	—
*62	30	Eglinton Oil Ir.5p	32xr	−1	—	—	—	—
41	17	Do. Warrants	22	.....	—	—	—	—
46	17	Publishing Hldgs.5p	39	+2	—	—	—	22.6
58	45½	Theme Holdings	51	.....	1.0	♦	2.7	♦
138	111	Unit Group	120	+2	R4.6	2.5	5.3	(8.6)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv 20p	78xd	.....	Fin. 13% 97/02	£110⅜	.....
Craig & Rose £1	£16¼	.....	Arnotts	345xd	+5
Finlay Pkg. 5p	86xd	.....	CPI Hldgs	58	.....
Holt (Jos) 25p	943xd	+3	Carrol Inds.	140	+9
IoM Stm. £1	113	+2	Dublin Gas	18	.....
			Hall (R. & H.)	180	.....
IRISH			Heiton Hldgs.	38	.....
Fund 11¼% 1988	£100⅛	.....	Irish Ropes	160	−5
Nat. 9¾% 84/89	£98⅛	.....	Unidare	355	−5

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	35	NEI	8
Amstrad	16	Nat West Bk	55
BAT	47	P & O Dfd	55
BOC Grp.	42	Plessey	20
BSR	12	Polly Peck	20
BTR	30	Racal Elect	20
Babcock	19	RHM	30
Barclays	47	Rank Org Ord	55
Beecham	48	Reed Intnl	42
Blue Circle	62	STC	20
Boots	25	Sears	12
Bowaters	37	TI	55
Brit Aerospace	58	TSB	8
Brit. Telecom	20	Tesco	42
Burton Ord	23	Thorn EMI	50
Cadburys	22	Trust Houses	20
Charter Cons.	30	Turner Newall	24
Comm Union	29	Unilever	150
Courtaulds	35	Vickers	55
FNFC	20	Wellcome	50
Gen Accident	80	**Property**	
GEC	18	Brit Land	17
Glaxo	110	Land Securities	30
Grand Met	40	MEPC	32
GUS 'A'	100	Peachey	30
Guardian	85	**Oils**	
GKN	30	BOM	3½
Hanson Tst.	15	Brit Petroleum	60
Hawker Sidd	50	Burmah Oil	38
ICI	80	Charterhall	4
Jaguar	52	Premier	4
Ladbroke	40	Shell	75
Legal & Gen	25	Tricentrol	11
Lex Service	35	Ultramar	17
Lloyds Bank	48	**Mines**	
Lucas Inds	55	Cons Gold	65
Marks & Spencer	18	Lonrho	24
Midland Bk	55	Rio T Zinc	65
Morgan Grenfell	35		

A selection of Options traded is given on the London Stock Exchange Report Page.

FINANCIAL TIMES

Saturday May 23 1987

British publishing magnate talks to **William Hall** about his $2bn US takeover plans

Maxwell finds stately HQ for stateside bid

WHAT HAVE President Khruschev, Queen Elizabeth II, Emperor Hirohito of Japan, President de Gaulle, every US head of state from President Hoover to President Reagan and Mr Robert Maxwell, the British publishing magnate, got in common?

At one time or another, they have all passed through the luxury "presidential" suite of the Waldorf Towers Hotel in mid-town Manhattan, which Mr Maxwell commandeered this week as headquarters for his $2bn (£1.2bn) bid for Harcourt Brace Jovanovich, the venerable US publishing giant.

Unless a head of state pulls rank, Mr Maxwell does not intend to be dislodged until the outcome of the takeover battle is decided. Judging by the early comments of the combatants, it could be some time before 63-year old Mr Maxwell vacates the magnificent suite.

"Do you realise that after BP, this is the largest bid ever mounted by a British company in this country," says Mr Maxwell, who justifies his grandiose claim by ruling out Unilever and Royal Dutch Shell, two other big spenders on the US takeover scene, on the grounds that they are partly owned by the Dutch.

"It is not every day you put $2bn on the table," notes the British publishing Czar, who is clearly pleasantly surprised at the relatively good press he has received following his dramatic bid at the start of the week.

He says his offer has "caught the imagination of the American media and the investing public."

Unlike his opponent, Mr William Jovanovich, the 67-year-old HBJ chairman, he is no slouch when it comes to self-publicity. "I am the first global operator in all media-films, TV, cable, radio, satellites, book publishing, printing and distribution," he says.

Mr Maxwell has been busily canvassing institutional support this week for his dream of turning his British Printing and Publishing Corporation into one of the world's top 10 companies in the communications, information and entertainment business with sales of up to $8bn by the end of the decade.

"We are now entering the multimedia phase and publishing has been a neglected area. For those like myself, Murdoch and perhaps S. I. Newhouse (a US publisher) who have global ambitions, these are pieces that are essential to the global nature of the information and communications explosion."

Mr Maxwell sees a "lot of synergy" between the two companies. HBJ is the biggest US seller of books outside the US, an area where Mr Maxwell has substantial interests, and he sees "an awful lot of duplication going on between our two systems "in areas like computers, billing and credit control."

Aside from the obvious cost reductions which would result from bringing HBJ into his worldwide empire, Mr Maxwell belives he brings a lot of added value to the deal.

"It all starts off with the intellectual property of an individual, whether it is fiction, or in surgery or in patents." Mr Maxwell intends to be the something akin to a giant retailer of "intellectual property."

"If you are one of HBJ's authors, we would be able to do you in print, on tapes, on films, on cassettes, on satellite, on TV," says Mr Maxwell, who stresses that a company has to grow and cannot be considered a "global player" until it has a stock market capitalisation of at least £1bn like BPCC.

For the moment, Mr Maxwell is being very gentlemanly in his approach to HBJ. If the American group puts his offer to its shareholders and it is rejected, he will, he says, walk away and not return. He refuses to respond to Mr Joyanovich's slurs about his past and says Mr Jovanovic has "built a major business whic his greatly to his credit."

He does not feel he should dignify with comment criticisms that he is much better at wheeling and dealing in companies than managing them. "My record speaks for itself. If you had invested in BPCC when I took it over six years ago, for each $1 you would now have $28."

Mr Maxwell believes there would be a healthy appetite for any BPCC paper he might issue in the US to consumate the HBJ deal." Americans want to own BPCC shares, the same as they did Reuters," he says.

Unlike Mr Rupert Murdoch, who has financed his global expansion largely by issuing debt, Mr Maxwell prides himself on having "no debt and about $400m in the bank."

Nevertheless, he shies away from detailing his financing plans, save to assure Wall Street investors that the financing is in place. "We cannot put out a proposal of this kind with Rothschild (Rothschild Inc of the US) and Hill Samuel (*the British merchant bank*) as advisers unless the resources are there," says Mr Maxwell. He adds: "The nature of the financing will depend on what the end price is going to be, and whether we are going to get an agreed bid or not."

In the immediate aftermath of Mr Maxwell's appearance in New York, HBJ's share price rose by $17½ to $48 but it has been sliding since then. Yesterday morning, HBJ cancelled a special shareholders meeting to approve an increase in its share capital and said it was reviewing Mr Maxwell's bid.

Mr Maxwell appears to have won the first skirmish in the battle.

Rover directors' compensation disclosed

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

COMPENSATION totalling some £814,714 for loss of office was paid to five directors who left the state-owned Rover Group and its Austin Rover subsidiary following the arrival of Mr Graham Day as chairman last year.

The accounts sent to shareholders yesterday also show that Mr Day earns more than £175,000 a year.

Rover disclosed that the net loss of the Austin Rover car business was sharply up last year at £317.5m against £56.9m in 1985.

The loss included £95.3m of exceptional items (£11.7m in 1985) and took Austin Rover's accumulated deficit to more than £1bn.

Land Rover UK, the other large remaining subsidiary within Rover, suffered a net loss last year of £4.9m after making a marginal £700,000 profit in 1985.

Land Rover's exceptional items increased from £2.5m to £10m, helping to wipe out an operating profit up from £10.3m to £13m and taking its accumulated deficit to £62m.

Rover's report shows that the two main board directors who left the company after Mr Day's arrival—Mr Ray Horrocks, who was responsible for the cars division, and Mr David Andrews, who ran the commercial vehicle businesses—between them share compensation of £219,000.

Austin Rover's accounts, filed separately, show that the three directors who left in the autumn shared £595,714. They were Mr Harold Musgrove, chairman, Mr Mark Snowdon, a joint managing director, and Mr Peter Regnier, finance director.

Rover's accounts show it collected £62.7m cash from the sale of companies back to the private sector in 1986 but the net loss on the sale of Unipart, Leyland Bus, Leyland Trucks, Freight Rover and others totalled £430m.

Some 19,692 employees are in the companies divested by Rover last year so that its workforce fell by a third from 73,396 at the end of 1985 to 51,005.

Capital expenditure dropped last year to £172.8m from £231.5m.

£36m Rover plant contract, Page 4

Rolls-Royce curbs share dealing at Derby

By Philip Bassett, Labour Editor

ROLLS-ROYCE, the newly-privatised aeroengine company, has forbidden its Derby employees to sell shares in the company in working hours. It denied reports that workers streamed from its plants there to sell shares on Wednesday, the first day of dealing.

However, Mr Mick Walker of ASTMS, the white-collar union, said: "Rolls-Royce was like a huge casino and offices resembled the stock market. Wives were ringing their husbands to tell them what the share price was on telex."

Mr Tony McCandless, another union official, said: "I know people have borrowed money to buy up the £7,000-worth of shares to sell quickly. It's a fact of life, which we must accept, that many working-class people now buy shares."

An internal memorandum from the company's industrial relations department asked managers to make clear that employees would not be allowed time-off to conduct share transactions. It was issued five days before the first day of sale when more than half the shares in the company changed hands and the price rose from 85p to close at 145p, a 73 per cent premium.

The company felt some employees might find it easier to leave and to sell shares than those at other plants, allowing some to make greater profits. The memorandum aimed to prevent this and to try to secure shares for employees who wanted more than their allocation. About 8 per cent of available shares went to employees.

The note said any requests from employees for leave to sell shares should be refused. It made clear that employees seeking time off for unspecified *reasons should* be asked *to* declare that they were not doing so to trade in shares.

Rolls-Royce said yesterday that it expected some employees to sell some shares, especially those who had had to borrow to buy them. However, it said it was confident most of its employees would remain shareholders.

Accountancy bodies urged to end rivalry

BY ANDREW TAYLOR

FOUR accountancy professional bodies which supervise auditors were told yesterday they must overcome their traditional rivalry and co-operate to develop common policies for training and policing company auditors.

The Trade and Industry Department, which yesterday published a discussion paper outlining its proposals for the regulation of the auditing profession, has decided not to impose a new regulatory body above the four professional watchdogs.

In return it makes clear it expects to see closer co-operation and co-ordination between the Institute of Chartered Accountants for England and Wales, the corresponding national institutes in Scotland and Ireland and the Chartered Association of Certified Accountants. These set and enforce professional standards, and provide training for auditors.

Yesterday's proposals follow a consultative paper published last year by Mr Michael Howard, Minister for Corporate and Consumer Affairs. This set out a series of options for the profession aimed at bringing it into line with the European Community's eighth directive on harmonising company law and procedures in the EC.

The consultative paper suggested that a statutory general auditing council, run on similar lines to the General Medical Council, might be established to oversee the operations of the four existing bodies.

However, the department says it expects the profesional bodies "to provide more explicit assurance than at present of effective co-ordination, monitoring and enforcement of professional standards."

It proposes the introduction of a designation of registered or approved auditors but says that professional bodies authories by the Industry Secretary should continue to regulate the profession.

Authorised bodies will have to satisfy minimum requirements to be set out in legislation which has to be introduced to meet the terms of the eighth directive. This requires legislation to be in place next year although the new rules are not due to be brought into operation until 1990.

The Institute of Chartered Accountants in England and Wales, the largest of all the accountancy professional bodies, said yesterday it was delighted that the idea of imposing a general audit council had been rejected but that the discussion paper raised several difficult issues for the profession.

Details, Page 4

Government's jobless fall claim challenged

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE GOVERNMENT'S claim that unemployment has fallen sharply over the past year received a fresh challenge yesterday from a leading academic opponent of its economic policies.

Mr Richard Layard, professor of economics at the London *School of Economics* and a co-founder of Charter for Jobs, the pressure group, said that the Government's own latest official figures showed that the number of people out of work had hardly fallen since last summer.

His claim marked the latest twist in a long-running debate with Lord Young, the Employment Secretary, over the validity of the traditional monthly unemployment figures published by the Government.

The monthly statistics, which measure only the number of people eligible for benefit, suggest that the jobless total fell by 173,000 from June 1986 to March 1987.

Mr Layard said in London that separate figures published in the May issue of the Department of Employment's Employment Gazette provided conclusive evidence that the benefit figures were no longer an accurate guide to the jobless total.

The detailed analysis of labour force trends in the Gazette showed that the number of people wanting work had risen nearly as fast as the number of jobs—and that meant that real unemployment was little changed.

The number seeking a job rose by 146,000 between June and March, Mr Layard said. Over the same period the numbers employed rose by about 154,000, with some additional increases accounted for by the expansion of the Youth Training Scheme. That meant "there was no substantial fall in unemployment," he said.

The monthly figures showed a more optimistic trend because government policies had made it more difficult for people to receive benefit and thos be included in the count. Among the factors which acted as a brake on the number of claimants were the Restart programme for the long-term unemployed and the new work availability test introduced last November.

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Allied-Lyons	432	+ 11
Ashley (Laura)	192	+ 5
Avon Rubber	664	+ 21
Beecham	525	+ 18
Bramall (C.D.)	321	+ 10
BP	352	+ 16½
Britoil	272	+ 7½
Burmah Oil	493	+ 9
Cannon St. Invs.	336	+ 21
Crowther (J.)	198	+ 4
DSC Hldgs.	338	+ 58
Enterprise Oil	264	+ 5
Fisons	375	+ 20
Frost Group	221	+ 11
Hunterprint	543	+ 20
Illingworth Morris	197	+ 7
Inchcape	688	+ 12
Lon. & Manchester	284	+ 8
Mersey Dock Units	43	+ 4
Next	355	+ 7
P. & O. Defd.	678	+ 11
Polly Peck Intl.	292	+ 6½
Shell Transport	£12 15/16	+ 1/16
Smith (David S.)	337	+ 8
Upton (E.) A	130	+ 20
FALLS		
GRA	111½	− 13½
Greenall Whitley	289	− 8
Plessey	220½	− 4½
Riley Leisure	101½	− 5
Underwoods	187	− 11

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	19	66	Dallas†	F	22	72	Madeira	F	19	66	Prague	R	5	41
Algiers	S	23	73	Dublin	C	11	52	Madrid	S	25	77	Rykjk.	S	11	52
Amsdm.	F	12	54	Dbrvnk.	F	15	59	Majorca	S	22	72	Rhodes	S	20	68
Athens	S	21	70	Ednbgh.	S	9	48	Malaga	S	20	68	Rio J'o†		—	—
Barclna.	F	18	64	Faro	C	21	70	Malta	S	21	70	Rome	F	19	66
Bahrain	F	39	102	Florence	F	21	70	M'chstr	C	11	52	Salzbrg.	C	8	46
Belfast	S	12	54	Frankft.	F	12	54	Melbne.	S	17	63	S'c'sco†	C	12	54
Belgrd.	C	9	48	Geneva	C	9	48	Mx. C.†		—	—	Seoul	R	18	64
Berlin	C	10	50	Gibrltr.	C	19	66	Miami†	F	25	77	Singapr.	T	31	88
Biarritz	F	16	61	Gl'sg'w	F	13	55	Milan	F	19	66	S'tiago†		—	—
Bmghm.	C	9	48	G'rnsey	C	9	48	Montrl.†	C	17	63	Stckhm.	S	15	59
Blackpl.	C	11	52	Helsinki	S	16	61	Moscow	C	25	77	Strasbg.	C	11	52
B. Aires		—	—	H. Kong	T	24	75	Munich	C	9	48	Sydney	S	20	68
Bombay	F	34	93	Innsbrk.	F	11	52	Nairobi	C	24	75	Tangier	F	20	68
Bordx.	F	16	61	Invrnss.	C	10	50	Naples	S	20	68	Tel Aviv	F	25	77
Boulgn.	F	10	50	I.o.Man	F	10	50	Nassau		—	—	Tenerife	F	23	73
Bristol	C	10	50	Istanbul	F	18	64	Nwcstl	C	8	46	Tokyo	C	23	73
Brussels	C	11	52	Jersey	C	10	50	N Delhi	S	35	95	T'r'nto†	C	16	61
Budpst.	C	8	46	Jo'burg	F	18	64	N York†	S	17	63	Tunis	S	23	73
Cairo	S	32	90	Leeds	C	12	54	Nice	S	20	68	Valencia	S	21	70
Cardiff	C	11	52	L. Plms.	S	23	73	Nicosia	S	22	72	Venice	S	17	63
Cape T.	F	26	79	Lisbon	C	19	66	Oporto	S	22	72	Vienna	Sl	6	43
Chicg.†	C	17	63	Locarno	F	18	64	Oslo	S	17	63	Warsaw	S	20	68
Cologne	C	12	54	London	C	9	48	Paris	F	11	52	Washgtn	Dr	17	63
Cpnhgn.	C	14	57	L. Ang.†	F	14	57	Peking		—	—	Well'gt'n	R	10	50
Corfu	S	19	66	Luxmbg.	C	9	48	Perth	C	30	86	Zurich	C	11	52

C—Cloudy. Dr—Drizzle. F—Fair. R—Rain. S—Sunny. Sl—Sleet. T—Thunder.
† Noon GMT temperatures.

Continued from Page 1

Conservatives still in lead

ably, contained film of his party conference attack on Militant.

Yet if Labour has made much of the early running, the polls show that the Tories remain in a strong position to retain office. In spite of the frenetic activity of its leaders, the Alliance faces its familiar early campaign problem of slipping in the ratings.

The Tory rating in the opinion polls has slipped only fractionally, to about 42 per cent, since the beginning of last week, when the election was called. However, it is four points lower than at this stage of the 1983 campaign.

By contrast, Labour has advanced by four points to 33 per cent. However, it also advanced slightly to 34 per cent by the end of the first full week in 1983, before starting to decline sharply.

The loser has been the Alliance, which has slipped two points to 23 per cent, although this is still higher than its 18 per cent rating at the same stage of the 1983 campaign.

Conservative strategists are reasonably content with the party's position. They have maintained broadly their poll rating and the Alliance, their main threat in many southern seats, is clearly back in third place. Furthermore, the Conservatives moved their campaign into top gear only yesterday, when they started their programme of daily press conferences and Mrs Thatcher's tour schedule started. After forcing the Alliance on the defensive on the nuclear defence issue, the Tories will now attack Labour.

However, there remain some doubts for the Tories. Their much proclaimed radical manifesto has not dominated the policy debate as much as they had hoped and the suggested changes in the education system have prompted many questions about what would happen in practice.

Similarly, there are uncertainties about the public response to Mrs Thatcher's assertive leadership style. After reining back on her original talk about a fourth term and emphasising a team approach, her naturally dominant approach has reasserted itself in the press conferences, with other ministers largely in the background.

Alliance leaders have been comforting themselves by making comparisons with their party's lowly rating at the start of the 1983 campaign. Then, it advanced eight points by polling day.

However, there is no reason why this should happen again. This time the Alliance rating has fallen in spite of the considerable publicity surrounding the well-organised national *tours of the two leaders, and* the record crowds at their meetings. Alliance strategists also claim good reports from key target seats.

The Alliance's campaign does not seem to have developed a clear theme for all its activity. It was its leaders, rather than Labour's, who were forced on the defensive on the nuclear defence issue. Therefore, at tomorrow evening's strategy meeting in London, there is likely to be a review both of the tours and the current emphasis on attacking the Tories, rather than Labour.

However, there is still plenty of time for opinion to move, although the Tories have a large cushion of support.

THE LEX COLUMN

Serious money, serious doubts

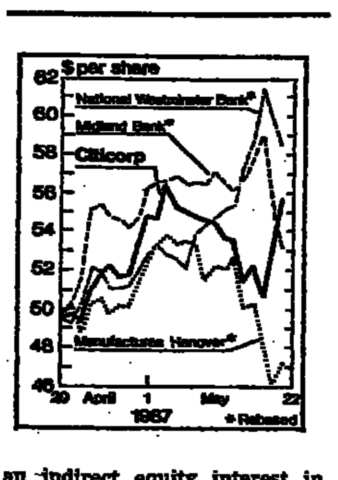
Perhaps the most significant market move in the past week was sterling's sudden dip yesterday afternoon. Whereas the pound had been regularly challenging the DM 3 barrier—held down only, we were told, by concerted Bank of England selling — it closed last night nearly 3 pfennigs adrift. While there might be some technical reasons for the fall, such as traders closing dollar positions before the weekend, the move also suggests that foreign interest in sterling is fading. The Labour party's gains in the opinion polls are the obvious cause, and there seems to have been little overseas buying of gilt-edged or equities lately.

Equities have clearly been rattled by those same polls. While no one outside the Labour party seriously doubts that a Conservative government will be returned, and selling is therefore not considered appropriate, a little hedging has perhaps been in order. And there has been no rush to buy shares at levels already looking high against gilt yields and fully valued on earnings multiples. It takes real buying to keep this market up, but no selling is needed to get it a little lower.

The Citicorp shock has played its part too in the market's setback. It is a reminder not only of the banks' individual vulnerability, greater for some than for others, but also the ramifications of a banking crisis. Not all banks can afford to get out of trouble the way Citicorp seems to have done.

And if the view of banks has been too short-sighted, investors are at last beginning to look beyond the horizon of the election. The outlook can be interpreted to suit the inclinations of the spectator, but even if the first sight is another base rate cut and tax reductions, both well discounted now, some sort of a reckoning may follow. For all the devil-may-care attitude to money supply growth, UK retail sales and consumer credit figures are still showing a spending bonanza, bad for both inflation and the balance of payments.

Index rose 9.0 to 1686.7



Tomkins/S & W

Unless the US public views the acquisition of Smith & Wesson as unacceptable revenge for London Bridge, or UK institutions shy away from an indirect equity interest in the US murder statistics, F. H. Tomkins should have made a promising North American debut. Notwithstanding the potent historical connections, S&W is a relatively simple metal twisting business which ought to be susceptible to the standard Tomkins squeeze on working capital and improvement to marketing and motivation.

Margins have been coming down but are strong enough to make an exit p/e of 13.5 look quite cheap, and the management ought to be pleased enough to have the post-buy-out uncertainty removed. The deal will increase Tomkins earnings per share by at least 5 per cent in the current year and it is still sitting on £30m of cash.

Cullens

It is difficult to comprehend how Cullens could have made such a mess of the promising idea of up-market-convenience-stores-cum-delicatessens over the past two years. But at least its latest loss was much as expected and gross margins on the new stores are creeping up to 30 per cent (still less than comfortable for stores with such a high proportion of perishables).

Cullens remains, nevertheless, caught in a vice built of its own excessive ambition. New openings have been rightly reined in until the intractable siting and stocking problems of existing stores can be dealt with, but that leaves the heavy overheads of an expansionist strategy weighing even more painfully on meagre profits. A move into profit next year must still be possible although the decision to close only four stores to date may not bode well. The shares were up 2p at 120p but subscribers to last year's rights at 200p must still be feeling a bit green and no doubt hoping for an approach from a retailing sugar daddy.

BP

If there has been one criticism of British Petroleum's otherwise lauded acquisition of the Standard Oil minority, it is that BP thereby increased its exposure to a production curve which is set to decline sharply in the 1990s. But the criticism misunderstands the point of the acquisition. A sum of almost $8bn may seem like a lot to pay for a managerial restructuring in BP's North American interests, but that is what the deal was all about. In a sense the actual assets that were acquired are irrelevant.

On the other hand, BP will certainly want to reduce that unattractive over-exposure to Alaskan Oil, and also to drain the debt levels taken on to acquire the asset. *Its answer* will most probably be the partial securitisation of Prudhoe Bay. BP's offer document for Standard specifically conceded that it would continue to study the feasibility of selling limited partnerships in the biggest oil field in the Western world.

The offer document also claimed — as it would — that the minority shareholders in Standard would gain more added value by selling out to BP than by carrying out such a policy for themselves. Yet the rapturous reception the US investors gave to the warrants BP attached to the revised Standard offer clearly indicates that BP would probably raise more from the sale of Prudhoe bonds than it believes they are worth. The virtue of limited partnerships is that the revenue passes straight through to the partners free of all corporation taxes.

Goldman Sachs has calculated that the additional value thrown up by such a spin-off of all Standard's production, refining and marketing operations could be as much as $2.7bn. While nothing of that scale will be attempted, it is still likely that BP's acquisition of Standard Oil could rival Hanson's bid for SCM as an example of a UK company stripping US assets.

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WEEKEND FT

Saturday May 23 / Sunday May 24 1987

Nigel Andrews reports on the wheeling and dealing world of film festivals

Tin Cannes Alley reels on

FOR THE film critic it is the best of times and the worst of times. Hours spent in religious darkness picking the bones out of an obscure Brazilian or Bulgarian movie can alternate with carefree, lavish beanfeasts on the beach. One moment the critic is sitting stupefied before a four-hour Greek film about alienated beekeepers, the next he is toasting a new masterpiece; with luck in something cold, golden and bubbly.

It is modestly calculated that there is a film festival going on somewhere in the world every day of the year. If not in Cannes, then in Karlovy Vary. If not in Rio, then Rotterdam. If not Berlin, Barcelona. Vast numbers of jet-setting film people — stars, directors, producers screenwriters — travel vast numbers of jet miles carrying the word of Cinema. Why?

"I can reach 10,000 people here," is the answer of Cannon chief Menahem Golan at Cannes. "I can speak to everyone who is interested in film; I don't have to do deals over the phone, I can do them straight over the table. I've brought 40 films here, and in two weeks I can have them sold all over the world."

Film festivals are capsules of time where everyone in the movie business does what he or she does the rest of the year, only does it in three times as high-pressured a style. Promotion is the name of the game, as Golan points out; but promotion can take many different forms. Producers are out to promote the movies they have made and the deals they are about to make. Stars and directors are out to promote themselves and their works. And critics are out to promote (preferably without being too pompous about it) the art of cinema.

Film festivals began in 1932, under Benito Mussolini. He established the Venice Mostra del Cinema as the world's first international showcase for movies and movie-makers. Mussolini's aim was also promotional: he was out to further the cause of Italian cinema, Italian nationalism and — if there was any furthering energy left over — Italian fascism. But as more countries adopted the idea of the film festival, they kept the patriotic impulse bequeathed by Mussolini while cleaning it of its more dubious political aspects.

Thus, festivals like Cannes and Berlin and present-day Venice — plus Tokyo, Delhi, Rio, Havana, San Sebastian, Moscow — have a firm, even a primary loyalty to the countries they take place in and to promoting those countries' films. The New German Cinema movement in the 1970s, which gave us Fassbinder, Herzog and Wenders, was an astonishing explosion of talent which owed its momentum largely to the Berlin Film Festival's eager and justified promotion of its own *Wunderkinder*. More recently the Hong Kong Film Festival has revealed a corner of Far Eastern cinema uniquely rich both in innovation and in popular appeal.

Almost every film festival too, although its first aim is to promote cinema in general and its country's cinema in particular, has a more local imperative: to promote the town where it takes place. Cannes, held in May in the run-up to the tourist season, hopes to fill hotels and restaurants which would otherwise be waiting nervously for the high summer crowds. (And fill them it does, to bursting point.) Venice, held at the opposite end of the holiday season in early September, likewise hopes to refresh a part of the year that other tourist incentives cannot reach.

Most major festivals have no initial problem luring the hordes of film people into their town who will fill up (a) hotels and restaurants, (b) cinemas and (c) the needy pockets of the local tourist and service industries. But then another problem arises — how to keep everyone there for the length of the festival. After two or three days of seeing movies, the critic, for instance, is already beginning to go numb in one part of his brain and even number in a lower part of the anatomy. And the film-makers, stars, moguls and wheeler dealers may likewise feel, before the event is half way through, that they have more urgent things to do than to smile at the Press, attend umpteen cocktail parties, explain how their films are the fulfilment of a lifelong dream, sign dubious deals on dubious table napkins and generally live out of a suitcase

So to make sure everyone stays to the bitter end, film festivals invented prizes.

The worldwide roster of movie awards handed out on closing night at these events reads like some madman's menagerie. There are Golden Bears (Berlin), Golden Lions (Venice), Golden Peacocks (India), Golden Toucans (Rio), and Golden Cyclopses (Taormina). And for those who like their prizes more inanimate, there are Golden Conches (San Sebastian), Golden Hugos (Chicago) and even Golden Spikes (Valladolid).

But the star guerdon of all is, of course, the Golden Palm. The Cannes Film Festival, approaching its climax even as I write, thrives on the hoopla and high blood pressure that continue during the 12-day build-up to the announcement of the Palm d'Or winner. Cannes is the biggest and most prestigious film festival in the world. More store is set by winning here than by winning at any other movie event on earth (except the Hollywood Oscars). When a film wins the Golden Palm, the number of countries seeking to buy that film multiplies by a factor of six or seven, It will be seen in fifty or sixty countries rather than eight or nine. And within countries that would buy the film anyway, audiences will multiply by as much as ten times.

No wonder stories of jury-rigging and jury-pressuring at Cannes abound. These charges are aimed not least at the festival's own directorship, allegedly over-anxious at times to ensure that certain directors and certain countries (notably America) are kept happy by being in regular receipt of top prizes. Francoise Sagan and Dirk Bogarde have been notable jury presidents who "blew the gaffe" on attempts by the Cannes festival management to influence jury decisions. And it was darkly rumoured that the effort of resisting such pressures helped hasten the death of the great Italian film-maker Roberto Rossellini, who died a month after serving as jury president in 1977.

As Délegué General of the Cannes Film Festival, Gilles Jacob shares responsibility for running the event with the President (Pierre Viot) and has first and final say in what films are selected for the competition. He admits that in order to remain a major international festival Cannes *has* to keep the Americans coming back each year.

"Not just so that we can have the American films in competition," he says. "But so that American buyers and critics will see the best European and other foreign films and buy them or promote them for showing in the United States."

As for jury-influencing, Jacob is diplomatic: especially after the recent death of Cannes's longest-serving and much-loved President, Robert Favre Le Bret, whose only recorded weakness was a sometimes injudicious eagerness to persuade the jury to vote his way.

"It would be embarrassing for me to talk of that after his death," says Jacob. "But I can say that I have never interfered with the jury's right to reach its own verdicts and that our current President, Pierre Viot, does not even attend the jury meetings. He learns about the prizes at the same time as the Press and media."

The relationship between Art and Mammon is nonetheless a delicate one at film festivals, not least Cannes. Is the main business of a film festival business? Or is it the promotion of cinema as the seventh art and as the 20th century's unique addition to the range of human artistic expression? Most film festival directors would argue that you have to combine both. You cannot have a world showcase for cinema which ignores the relationship between this most cost-intensive of arts and the "market". (So you cannot, as Cannes rightly argues, exclude America from the festival equation.) Nor can you have one which ignores innovation, artistic experiment, individualism and other frontier-pushing matters which may not at first be "commercial", but which may introduce directors whose originality will eventually feed through to commercial cinema and rejuvenate it.

"The ideal festival film," says Jacob, "has to be a film of quality and also of the largest possible scope of appeal. We have so many different audiences here in Cannes: from Africa, Europe, America, China. So the film has to touch as many people as possible."

What is special about major festivals like Cannes is that the film has the chance to touch these audiences all at once, at the same time and in the same place. And as a consequence of this,

when 20,000 people are gathered together under a Mediterranean sun, the sense of expectation can be cruelly high. Mediocre films may be put to the sword — by the critics in print, by the public in boos — as keenly as the masterpieces are applauded. At Cannes too, the bright lights of media attention are in evidence as almost nowhere else on earth.

"Cannes is the top media event in the world after the Olympic Games", states Jacob. Asked to explain why it has reached this eminence, when other festivals can offer sunnier climes, more lavish hospitality, even (in a good year) better films, Jacob says simply: "Because Cannes is the perfect size. It offers the ideal combination of work and holiday. There are the right number of beaches and hotels, there are excellent communications. There are over forty cinema screens. And there is the mystique. When people hear the words 'film festival', the next word they think of, immediately, is Cannes."

The fascinating thing about the mystique is that ultimately it *is* a mystique: an inexplicable *rapport* between the excitement of movies as a phenomenon and the excitement of Cannes as a place. Movies are to do with light: Cannes has light. Movies are to do with glamour: Cannes has glamour. Movies are to do with the persistence of vision (whereby a series of still pictures flickering before your eyes appear to move): Cannes is a town where a series of improbably beautiful postcard views merge at festival-time into an illusion of manic perpetual motion.

The spirit of place is all-important in a film festival. Just as owners are supposed to become like their dogs, striking affinities develop between towns and their festivals. The Venice event, picturesquely marooned on the Lido, has a sequestered Arcadian feel to it, as groups of devotees sip films like fine Italian wine. The movie fare at the Berlin Filmfest-spiele, set in a thriving town at a time of year when it is nearly smothered by February winds and snows, can, like its venue, feel like largesse under a mantle of austerity. There are dozens of films from dozens of different countries, but they all shiver a little under the festival's preference for the politically radical or the defiantly non-commercial.

Then there are the beauty spots. Taormina's films seem inseparable from the enchantment of the location. Movies of starry-eyed charm (the festival specialises in work by new directors) unfold under the starry sky above the town's Graeco-Roman theatre. And Telluride unveils Hollywood tributes or fresh-lunged US independent movies or vertiginous spectacles from the past (like Gance's *Napoleon*) in its festival high in the Rocky Mountains.

Nor is the festivalgoer likely to forget, if he has been to them, the crumbling tropical beauty of Madras, the amphitheatric splendours of Pula in Yugoslavia, the projector beam thrown across the town square at night in lakeside Locarno or the startling fringe benefits of the late Teheran film festival. This pre-Khomeini event used to interrupt its film schedule for two days each year to whisk guests off on a whirlwind tour of Shiraz, Isfahan and Persepolis. At festivals like these one hardly cares about a rapport between the place and the movies: the places are sufficient unto themselves.

Somehow, though, the hands of the clock come round again each year to Cannes, the true high noon of film festivals. Most of the stories told about this festival's extramural extravaganzas — the yachtboard parties, the unstaunched flow of champagne, the topless starlets, the surging *paparazzi* — are exaggerated somewhat for home consumption: much like the holiday postcards one sends which rhapsodise about sun and fine food and are probably written on a rainy day when you have an upset stomach.

But yes, bare-breasted nymphets do sometimes cavort in the surf before over-excited cameramen. Yes, there *are* parties that are hard to forget; like the first ever meeting between Ingmar and Ingrid Bergman, who folded each other in their arms to the sound of exploding Dom Perignon corks and the hiss of carving knives slicing reindeer meat.

And yes, it does seem that the whole world is gathered annually at Cannes. The scrimmage to get into one screening one year (Antonioni's *The Passenger*) was so intense that I remember pulling anxiously and vigorously at the cord on my special festival bag, containing photos and press kits, because it was trapped in the crush of people behind me. Only a minute or so later did I realise that my bag had long since been left behind in the mêlée and what I was now tugging at, as her loud protests indicated, was a young woman's skirt.

It is hardly surprising that to cater to this mob each year, extraordinary resources are required. Cannes has a year-round staff of only eight which at festival-time suddenly explodes into 400. Ten thousand hotel beds are requisitioned, taxis throughout the town go on red alert, and 500 films march into Cannes, each hoping to be seen by a generous handful of the 20,000 festival guests and visitors.

Promotion, as indicated earlier, is what it is all about. But Cannes has become such a law unto itself that the same crowds could probably be gathered, the same sense of occasion conjured, even when changing times or technology have rendered some aspects of the festival superfluous.

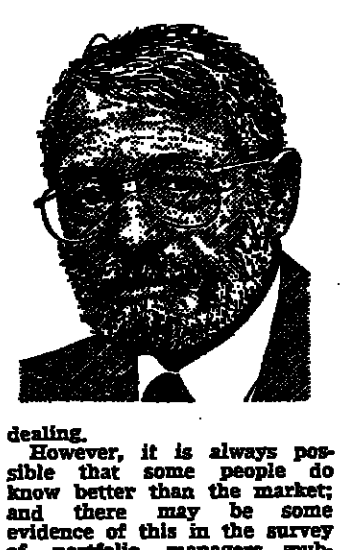
"You always need a place to create the event," says Gilles Jacob. "We will reach, I am sure, a time when, thanks to progress in video and satellite, festival films can be screened all round the world at the same time as their screening in Cannes. But still you need the place to create the occasion, to make it magical, to make it fresh. The aim of film festivals is to make cinema live. That is why people will always keep coming to them."

Cannes report, Page XVII

The Long View

How professionals invest your money

The Bank of England has held searching interviews with a number of professional fund managers. Anthony Harris finds the results interesting, but not altogether impressive



MANY YEARS ago, when I was little more than a trainee general reporter, I was sent to interview a stockbroker in the town where I worked. We hit it off, and indeed became very close friends; so it was natural that when, a little later, I came into my first very small sum of capital, and was at the same time asked to find someone to manage a quite large sum for a relative, he became *our* broker.

He naturally put the large sum into safe, widow's stocks; but we decided that it would be fun to play the market with my small one. I jobbed in and out of fashionable stocks, bought an option or two, and even went short for one hair-raising account; and with my friend's help I never put a foot badly wrong.

You have probably guessed the end of this story. After a year we had a proper meeting to review the big, safe portfolio, which had not been touched. It had outperformed mine by a good fifth.

This was not really a surprise; it was, after all, a very small sum, so the dealing costs were proportionately big; but we worked out that even without commission and stamp duty, it would have been a close race. The ordinary bid and offered spreads ate up the fruits of successful speculation; jobbers did make a living in those days, though at the moment the market makers seem to be finding it difficult.

This early experience helps to explain my nasty, suspicious mind (which is exactly what my friend intended, of course); and it also ensured that I never forgot a report I encountered in an American magazine a few years later. A survey of mutual funds (unit trusts in British English) showed that no less than 80 per cent of them would have performed better if they had shut up shop on New Year's Day and left their portfolios to emulate our widow's fund.

This is not, of course, a law of nature; but it is, perhaps, a sort of proof of efficient market theory. The point is that if all existing knowledge is at all times reflected in current prices, you cannot know better than the market, and cannot on average make any money by switching from stock to stock. You will not, on average, lose money either; but you will lose the cost of dealing.

However, it is always possible that some people do know better than the market; and there may be some evidence of this in the survey of portfolio managers published in the current Bank of England Bulletin.

The nameless officials who did the survey had thought of the question; but unfortunately they got an inconclusive answer.

One of the funds they examined had done its own survey, and came up with the widow's answer; the profits on active management did not cover the costs. Another, however, monitored individual managers, and found that the more active ones outperformed the *inactive* ones fairly consistently, though not by very much.

What the Bank of England doesn't tell us, though, is whether these active managers also outperformed the indices of the markets in which they were trading.

Since most fund managers fail to do this most of the time —and some will tell you insistently that it is actually impossible to beat the index except by sheer luck—it may simply be that the active managers in *this* particular fund were simply less bad than the sleepy ones. I think we should be told.

The good news from the survey is that the people who manage your savings are at any rate aware of their limitations. Several of the funds index as much as four fifths of all the money they have under management—they simply hold all the stocks in the index, and only trade when the components change.

They are particularly likely to adopt this strategy for the big, widely traded alpha stocks, on the reasonable ground that these companies are so exhaustively studied by analysts that the market in them is indeed efficient. They do their punting in small relatively unstudied companies, where their own analysis may give them an edge. Very sensible, in principle; but we are not told whether it works.

We are told a great deal about the criteria which the different funds use in making their stock selections — mainly a lot of big words signifying guesswork. We are told about their turnover, which is remarkably low, really; stocks are held on average for five years. We are told about their attitude to takeovers, which is usually to refuse contested bids, and to shareholder power: for the most part they vote with their bottoms, and don't vote at all.

What does not come up at all, though, is the question of timing (when to be in the market and when to be out) and of strategy (home or abroad, equities, gilts or property). Efficient market theorists will, of course, claim that successful timing and strategy are just as much a matter of luck as successful stock selection; but I also know of one large company pension fund which is consistently well up in the tables simply because it is "lucky" with strategy, year after year.

This is partly because the Bank of England officials were not so much concerned with explaining performance as with examining the charge of short-termism; and partly because the charge does stick, in a sense.

Managers may not be frenetic traders, but they are increasingly obsessed with comparative performance, quarter by quarter and even month by month. Not even good strategists claim to call turning points within a month, or even a quarter; but in the long haul, these are the judgments which beat the index. There are also the questions which seem to interest many of the readers of this column.

It is interesting to know how managers make their choices, and to know why they don't bother to vote or to ginger up weak companies (because this would benefit their rivals as well as themselves, believe it or not). But it would also be nice to know whether they are worth trusting with your money

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Tone turns edgy

SUDDENLY, the world looked a rather less certain place this week.

The bullish pre-election tone of the London market was turned more edgy by events both international and domestic. There was a bombshell announcement by Citicorp, the biggest US banking group, that it was reducing the value of its Third World debt exposure by a quarter; and a succession of UK opinion polls suggested that the election might not yet be cut and dried.

Citicorp announced on Tuesday that it was taking a $2.5bn loss in its second quarter—by far the largest ever by an international bank—to bolster its loan loss reserves and reflect its heavy exposure to the Third World debt crisis.

The news sent stock markets tumbling across Europe and in Japan on Wednesday, with losses concentrated on the shares of those banks which have loans outstanding to developing countries, and which might now face pressure to follow Citicorp's bold move.

Wall Street, which had dropped sharply on rumours of an important banking announcement, bounced back rapidly as the financial community digested and welcomed the move, while Citicorp's shares actually rose. But in the UK a more nervous attitude persisted — in the financial sector in general, bank shares in particular. The big four clearing banks were all hit, particularly Lloyds, with its heavy Latin American exposure, and Midland.

The British banks are not expected to follow Citicorp's example and make a large once-and-for-all provision, but the pressure will be on them to continue bolstering their reserve. The Bank of England, in an unusually public response to the Citicorp move, issued a statement saying it expected the level of provisions to increase.

But London's nervousness did not arise from Third World debt alone. The opinion polls of the last few days have suggested that the Labour Party is narrowing the gap between it and the Conservatives. The Tory lead would still give the party a fairly comfortable

London

victory if repeated on polling day, but the knowledge that a three week election campaign can be an age in politics had the markets somewhat twitchy.

However, the edginess should not be over-stated. Selling was fairly light during the week, many dealers regarded the mini shake-out as fundamentally healthy, and there were plenty of more positive signals around: a further good batch of results from blue chip companies; a sharp rise in April retail sales, spurring consumer stocks; and unabated enthusiasm for new stock market issues.

Rolls-Royce, the newly privatised aero-engine maker, made a hectic debut as small investors rushed to take profits on the issue. And the profits were a good deal larger than had been widely predicted. Institutional and overseas buyers, particularly from Japan, sent the shares soaring from the 85p partly-paid offer price to a first day peak of 147p—a 73 per cent premium. Meanwhile, a tiddler of a new issue—Pickwick, the record company—saw its offer for sale of £8.5m worth of shares hugely oversubscribed.

Should those small investors who have held on to their Rolls shares now follow the rush to take profits? Public enthusiasm for the issue means that allocations have been so small — most people would have got only 150 to 200 shares — that the decision is not one of life's weightier financial decisions.

Equally, however, the small size of the shareholding is a disincentive to staying in, since the effort required to keep monitoring the stock is out of all proportion to its value. Nor are there any of the perks which have encouraged small investors to stick with British Gas and British Telecom. And the second instalment of the fully-paid price will have to be put up in September before shareholders qualify for the December dividend.

It is, moreover, difficult to see the shares making much more headway: they are now fully valued alongside British Aerospace and a 15 per cent ceiling on foreign ownership will eventually choke off interest from that quarter. The shares are unlikely to plunge, but on balance there seems incentive for the small shareholder to hold on to his allocation.

One of Rolls-Royce's predecessors on the privatisation runway, British Airways, produced its first set of figures as a quoted company this week and gave the market a pleasant surprise.

Its pre-tax profits of £162m for the year to March may have been 17 per cent down on the previous 12 months but was £17m higher than that forecast only last January in the offer-for-sale document. There were two main reasons: fuel prices did not rise as fast as expected in the second half, while sales revenue was stronger than forecast. The immediate future also looks good, with traffic forecasts for the summer close to record levels, putting the shares on a prospective p/e of 8.5 to 9. That is modest, but airline profits are notoriously prone to unexpected turbulence.

Good full-year figures were also reported this week by J. Sainsbury, the supermarkets group, which has an extraordinary record of widening its profit margins, now standing at 6.2 per cent net. However, growth was far less dramatic in the second half than the first, and there must be some limit to margin improvements, putting greater dependence for growth on its large new stores programme.

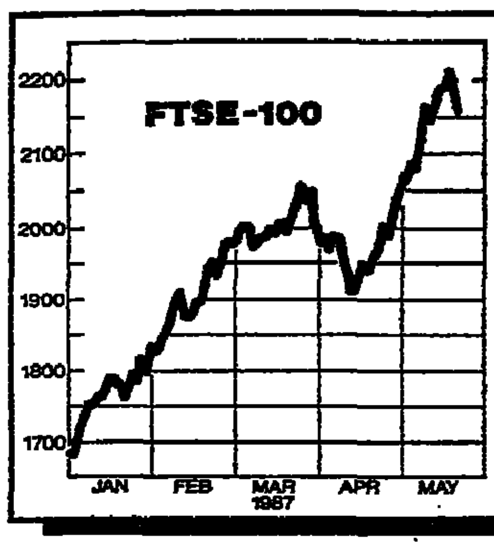
The week also saw results from three of Britain's leading drinks businesses: figures from Bass and Whitbread were in line with expectations, but on the day of the great reaction to Citicorp the market was in a far from generous mood, and the shares of both companies fell, with Whitbread dropping more sharply: analysts still have some doubts about the strength of its diversification away from beer.

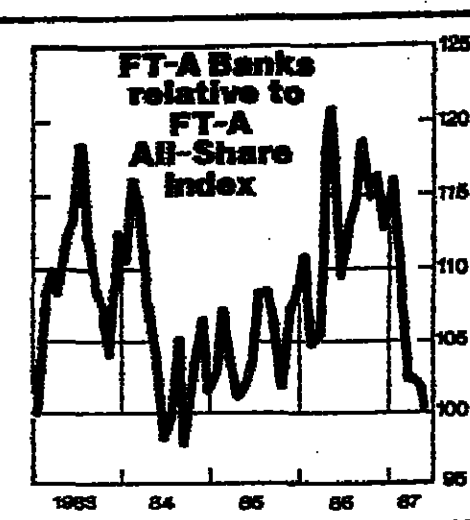
The sector's star of the week was Allied-Lyons. It produced full year pre-tax profits of £340.9m, up 27 per cent and ahead of expectations. The shares stand on a very modest 11 to 11.5 prospective p/e—despite a record of 20 per cent a year compound earnings growth over the past five years. The market has yet to be convinced that this rate of progress can continue and, in particular, that Allied can get dramatic growth out of Hiram Walker, its big North American spirits acquisition.

It seems nowadays that no week would be complete without some new initiative by Mr Robert Maxwell, the publisher of Mirror Group newspapers. But this week he produced a move remarkable even by his outsize standards: a $2bn (£1.2bn) bid for Harcourt Brace Jovanovich, the US publishing company, through his biggest quoted company, British Printing and Communications Corporation.

It is by far the biggest of Mr Maxwell's recent flurry of moves to create a presence in the US, though the bid was immediately rejected by Harcourt as "preposterous." Between times, Mr Maxwell also found an odd minute or two this week to throw a lifeline to failing engineering group Central & Sheerwood. He has a ubiquity which would draw gasps of admiration even from that pervasive presence, the election pollster.

Martin Dickson





TV takes a tumble

CONTEMPORARY, crammed with high technology and central to the communications industry . . . at first glance, television services looks like an archetypal growth sector. But first glances can be very, very deceptive.

The sector has had a rough ride ever since the first facilities company, Television Services International, surfaced on the USM in 1983. Yet, last week the flow of bad news reached a crescendo with bleak announcements from two of the largest groups: TSI and Trilion.

Early in the 1980s, the sector was booming. Advertising, the traditional bulwark of the industry, was as buoyant as ever while the creation of Channel Four and the growth of corporate video and pop promos had nurtured new markets for the industry.

With the new media hovering on the horizon, and the prospect of both the BBC and ITV opening up to independent producers, the future looked even rosier. New production houses sprang up throughout the mid-1980s.

New media has, however, taken rather longer to get off the ground than the industry expected. The BBC and ITV are still formulating proposals on the independents. In the past year or so, demand has remained stubbornly static.

Initially, the publicly-quoted television services groups compensated by securing growth through acquisition. TSI bought Molinaire; Trilion bought Limehouse Studios and Viewplan; Aspen Communications got Spafax; and Crown Television Productions swallowed Capital Television Facilities.

In theory, these deals both broadened the business base of the parent companies and effected economies of scale. But, in practice, it has proved difficult to integrate the new subsidiaries.

By the middle of last year the publicly-quoted groups, Aspen apart, found themselves ill-equipped to cope with an increasingly saturated and intensely competitive marketplace. It is only in the past few weeks, as the companies' results have filtered through, that the scale of the problem has emerged.

On Thursday, TSI announced that not only had it lurched into a pre-tax loss of £3.11m last year but that, after an investigation by the group's new management team and its auditors, the previous year's accounts had been restated, thereby turning a "profit" into a pre-tax loss of £1.46m.

The first signs of trouble surfaced earlier this year when Andrew Lee, the chairman and chief executive, resigned along with two other executive directors. The new management

Junior Market

team has embarked upon a review of the group's activities. As a result, TSI will withdraw from entertainments and accounting irregularities have come to light.

Luckily for TSI's shareholders—who have watched the price plummet almost without interruption since early 1985—W. H. Smith, the retail group, has ridden to the rescue by injecting £7m into the company for a 51 per cent holding. Moreover, the trading position looks much brighter.

Thus far, Trilion has been less fortunate. Ten days ago, the company announced pre-tax losses of £996,000 in the first half of this financial year. It followed on Wednesday with the news that Bill Hope, the chairman, had resigned together with a fellow director.

Like TSI, Trilion has rationalised its activities. But the unexpectedly high cost of restructuring the company, following the acquisition of Viewplan, compounded the problems of a weak marketplace.

A parallel problem is posed by the location of its headquarters at Limehouse Studios in the middle of the Canary Wharf development in east London's Docklands. Trilion has not yet concluded negotiations over relocation and compensation but, in the meantime, its reorganisation is postponed until it can centralise operations within one building.

Throughout its troubles the Trilion share price has been relatively strong, bolstered by the strategic stake held by Charterhall — the energy and investment group run by Russell Goward, the Australian entrepreneur — and by bid hopes.

The fate of Crown is equally salutory. It suffered in last year's slump, and its 1985/86 pre-tax profits of £434,000 were lower than the City had expected. But six weeks after those were announced, Crown revised its earnings per share from 4.6p to 2.6p, attributing the error to confusion over taxation.

Darling Downs, the Australian communications group, has bought a 22 per cent stake in the company and has proposed a refinancing package which could increase its holding to 30 per cent. It has also introduced new executives to succeed the departing chairman, Gordon Currie, and his fellow director, Mike Mansfield.

Perhaps the only bright spark in the sector is Aspen Communications, which has emerged as one of the whizziest stocks on the USM in the past year or so.

Last month, Aspen unveiled pre-tax profits for 1986 which had almost doubled to £2.11m, and analysts anticipate a surge to £3.25m this year. But Aspen is a broadly-based group, able to counter a sudden slump in television with its interests in publishing and mobile radio.

Alice Rawsthorn

MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1987 high	1987 low	
F.T. Ordinary Index	1686.7	− 4.9	1719.6	1326.2	Unsettled by Citicorp and polls
Avon Rubber	664	+84	664	363	Excellent interim results
Bejam	211	+18	217	158	Takeover speculation
British Aerospace	617	−28	689	510	AV-84 Harrier programme worries
BPCC	300	−19	355	243	$2bn bid for US publisher
Crystalate	257	−32	301	226	Interim results disappoint
GEC	224	−10	245	184	Hanson Trust deny bid intentions
GUS A	£14⅛	+ 1/32	£14¼	£10⅛	April retail sales up 3.8 per cent
Hallite	301	+51	303	185	Agreed bid from Evered
LDH Group	135	+70	157	44	Share stake changes hands
Midland Bank	639	−39	704	566	Third world debt worries
Reabrook	212	+35	213	102	Bid talks with Yule Catto
Riley Leisure	101½	+26	107	50	Recommended offer from Midsummer
Rolls-Royce	146	+61†	154	128½	Highly successful market debut
Sainsbury (J.)	*520*	*−45*	*581*	*418*	*Profit-taking following good results*
Telfos	128	+33	130	77	Change in stakeholding
Thorpe (F.W.)	460	+60	460	258	Takeover speculation
Unilever	£29⅞	+ 1⅛	£31⅛	£21¼	Bumper first-quarter figures
Upton (E.) A	130	+59	130	37	Bid talks with Southern and City

† Change based on partly-paid offer price of 85p

Booted and spurred

THE CITY'S consensus on BOOTS' preliminary figures for the year to March, expected on Thursday, has been unshakeable at £225m pre-tax (against £191m) after the interim results revealed the size of the pension surplus — £9.4m for the full year.

The £400m Flint acquisition, made in September, will be in for four months as Boots consolidates its overseas subsidiaries only after a three-month time-lag. Flint is expected to add £10m to the industrial division's profits.

The shares issued for the Flint purchase increased Boots' equity by 25 per cent and will have a seven-month impact on earnings—hence holding back growth, at this level, to only marginally above the unadjusted 1985-86 figure.

Retailing is seeing improved net margins. Analysts will be keen to hear how the first two CHILDRENS WORLD stores, opened just before the year end, have been doing. Upfront costs for this venture will weigh more heavily in the second half.

In the last year or so COURTAULDS has succeeded in returning to the City's good graces. Its supporters should be vindicated on Wednesday when the textiles group is expected to unveil a healthy increase in pre-tax profits, to about £190m.

As one analyst put it, the 1986/87 financial year was one in which "virtually everything

Results due next week

went right" for Courtaulds. The combination of favourable raw material prices and plump order books enabled the group to make the most of recent technological innovations and its new emphasis on marketing.

Fibres is expected to emerge as the most buoyant division, with acrylic fibre faring especially well. Textiles sportsd more modest growth but has met its targets, while pulp and packaging continued to recover. Paints is likely to have proved the most difficult division, but its prospects look brighter in the present year.

PLESSEY reports its full-year results on Thursday, with most analysts expecting pre-tax profits of about £185m—up roughly 10 per cent from last year's £170m.

Telecommunication sales are likely to account for most of the increase, with profits in this division expected to rise from £70.7m to over £80m. Plessey was able to provide for smooth delivery of its System X exchanges throughout the year.

Analysts do not expect results as strong as this next year however, as BT has developed a bit of indigestion and will not take delivery as quickly. Other four quarter news affecting the 1988 results has not been good.

Profits in the electronic system division should move ahead by better than 10 per cent, from last year's £40.2m. This will be more than offset, however, by a slow year in the areospace and engineering division, in which last year's strong earnings of £25.4m is expected to be followed by a dismal performance of under £15m.

Rising markets and unflagging growth in unit trust sales put M&G Group in the position to report a 50 per cent rise in interim pre-tax profits for the six months to March. After £6.6m last time, Britain's largest unit trust company is likely to come within a whisker of £10m on Tuesday.

Heavy weighting toward the UK market has helped to spur a new bullishness among followers of the shares, with full-year forecasts marked up recently towards £22m.

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Boots	Thursday	2.5	4.6	2.8
Cater Allen	Thursday	8.0	22.0	8.4
Chesterfield Prop	Wednesday	4.5	7.5	5.0
Courtaulds	Wednesday	1.7	4.7	2.4
Edbro	Thursday	2.5	5.0	2.5
Elliot, B.	Wednesday	1.0	2.0	1.0
FKI Electricals	Wednesday	0.3	0.5	0.4
Gates, Frank G.	Wednesday	—	3.0	—
Ivory and Sime	Tuesday	1.0	3.7	1.2
Jersey General Invst Trust	Wednesday	5.7	8.7	6.7
Kennedy Smale	Friday	—	2.0	2.0
Lees (John J.)	Thursday	0.5	1.5	1.0
Lep Group	Thursday	1.5	4.0	1.0
Monks Invest Trust	Tuesday	1.1	1.5	1.1
Pathology, J. S.	Wednesday	—	1.3	1.5
PCT Group	Thursday	1.6	1.6	1.6
Plessey	Thursday	2.1	3.0	2.4
Smallbone	Thursday	—	1.4	—
Warnford Investments	Tuesday	7.0	10.0	7.5
Wigfalls	Tuesday	—	2.5	—
Willaire Systems	Tuesday	—	—	—
INTERIM DIVIDENDS				
Albion	Friday	0.8	1.0	
Arbuthnot Gov. Sec.	Friday	2.5	—	
Associated Fisheries	Thursday	0.6	3.5	
Cranbrook Electronic	Thursday	—	0.6	
Dobson Park	Thursday	1.9	3.3	
Dubilier	Tuesday	1.2	1.9	
Greenall Whitley	Thursday	2.3	3.2	
Hanson Trust	Wednesday	1.9	3.6	
Johnson Fry	Thursday	—	—	
Northern American Trust	Tuesday	1.4	4.0	
Portsmouth and Sunderland	Thursday†	1.0	3.0	
Radio City (Sound of Merseyside)	Wednesday	—	—	
Richards	Wednesday	0.6	1.3	
Scottish Invest Trust	Friday	2.3	4.2	
Scottish National Trust	Tuesday	1.7	3.6	
TSB Channel Islands	Tuesday	—	—	
Warner Estate	Thursday	7.5	15.0	
Williamsons Tea	Tuesday	10.0	10.0	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Second-quarter figures.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 27%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	3.00	3.04	2.29	1.67	monthly	1	—	0-7
High interest cheque	5.50	5.61	4.23	3.08	quarterly	1	1,000-4,999	0
High interest cheque	5.80	5.93	4.46	3.25	quarterly	1	5,000-9,999	0
High interest cheque	6.20	6.35	4.78	3.48	quarterly	1	10,000-49,999	0
High interest cheque	6.50	6.66	5.02	3.65	quarterly	1	50,000 minimum	0
BUILDING SOCIETY†								
Ordinary share	5.00	5.06	3.81	2.77	half yearly	1	1-250,000	0
High interest access	6.75	6.75	5.09	3.70	yearly	1	500 minimum	0
High interest access	7.00	7.00	5.27	3.84	yearly	1	2,000 minimum	0
High interest access	7.50	7.50	5.65	4.11	yearly	1	5,000 minimum	0
High interest access	7.75	7.75	5.84	4.25	yearly	1	10,000 minimum	0
90-day	7.75	7.90	5.95	4.33	half yearly	1	500-9,999	90
90-day	8.00	8.16	6.15	4.47	half yearly	1	10,000-24,999	90
90-day	8.25	8.42	6.34	4.61	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	10.00	7.30	5.50	4.00	yearly	2	5-100,000	30
Income bonds	10.50	8.04	6.06	4.41	monthly	2	2,000-100,000	90
Deposit bonds	10.50	7.67	5.78	4.20	yearly	2	100-100,000	90
33rd issue‡	7.00	7.00	7.00	7.00	not applicable	3	25-1,000‡	8
Yearly plan	7.00	7.00	7.00	7.00	not applicable	3	20-200/month	14
General extension	7.02	7.02	7.02	7.02	quarterly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	6.10	6.19	4.67	3.39	half yearly	1	2,500 minimum	0
Schroder Wagg	5.55	5.69	4.49	3.27	monthly	1	2,500 minimum	0
Provincial Trust	7.15	7.39	5.57	4.05	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75pc Treasury 1985-88	8.56	6.45	5.04	3.87	half yearly	4	—	0
10pc Treasury 1990	8.74	6.10	4.34	2.87	half yearly	4	—	0
10.25pc Exchequer 1995	9.02	6.37	4.60	3.12	half yearly	4	—	0
3pc Transport 1978-88	6.42	5.58	5.03	4.56	half yearly	4	—	0
2.5pc Exchequer 1990	5.91	5.19	4.71	4.31	half yearly	4	—	0
Index-linked 1990¶	6.34	5.80	5.44	5.12	half yearly	2/4	—	0

** Lloyds Bank. † Halifax 90-day; Immediate access for balances over £5,000. ‡ Special facility for extra £5,000. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate.* 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated				
Apex Prop¶	135*§	136	145	14.54	Randsworth Tst
Avana Group	715§	620	490	283.90	RHM
Brit Car Auction¶	239§	240	236	166.78	Hawley Group
Centrovincial Ests	463	390	378	69.54	Gilbert House
Chipsiat Europe	395	305	279	15.84	Britannia Sec
Comb Eng Stores	433	419	308	339.92	Next
Comb Eng Stores	398	419	332	310.87	Ratners
Comcap¶	707§	708	515	151.01	Atlantic Computer
Contibel	278*§	287	298	385.20	Tractebel SA
Crown House¶	342	338	285	92.59	Coloroll
Dale Electric	132	139	109	17.73	[illegible]
DBE Technology	33½§	36	43	3.14	Farnell
Extel	487	494	514	238.08	United Newspapers
Garfunkels Restrnt	252	269	248	94.27	Belhaven
Garnar Booth	300*§	301	254	20.08	Hillsdown
Garnar Booth	301§	301	245	20.13	Pittard
Gould (L.)	216	300	180	4.47	Robertson Res
Hallite	305†	298	235	8.39	Evered
Hillards¶	365§	362	223	190.04	Tesco
Horizon¶	208	206	164	103.78	Bass
Intl Leisure¶	200*	199	178	103.28	Hudson Pl Invs
Jcksns Brne End	445*§	603	436	9.50	[illegible] A/S
London & Nthn¶	95	94½	80½	108.68	Evered
London Pk Hlds	955	925	700	47.90	Mount Charlotte
Media Technology	172§	172	168	18.92	Lee International
Micro Scope	150*	145	108	18.00	GEC
Mitchell Cotts	75§	72¼	71	72.42	Suter
Mitchell Somers¶	278	275	130	44.81	Eagle Trust
Nationwide Leis	77½*	77¼	77	8.30	Inspec E. & E. Grp
Norank Systems	284	267	247	10.56	[illegible]
Riley Leisure	95½§	98	73½	15.15	Midsummer Leisure
Sarasota Tech	278	270	107	40.00	Peek Hldgs
Scott Greenham¶	288	275	195	84.71	BET
Steckley	138	135½	124	323.37	Mountleigh
Sunlight Services	340§	332	300	72.91	Davis (Godfrey)
Trade Prom Servs	322	300	251	18.77	EMAP
Utd Leasing	265*	261	231	38.36	Inspectorate KAE
WSL Hldgs	243	243	203	51.53	Granada

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on 2.30 pm prices 22-5-87 †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ‖‖ Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Aberfoyle	Dec	2,410	(350)	2.8	(0.4)	—	(—)
Allied Irish Bank	Mar	102,100	(87,000)	—	(—)	—	(—)
Allied Lyons	Mar	340,900	(268,800)	33.8	(26.4)	11.4	(9.5)
Asda Property	Dec	1,020	(500)	11.8	(6.0)	3.8	(3.0)
AB Foods	Mar	190,500	(163,500)	30.3	(24.7)	7.3	(6.1)
British Airways	Mar	162,000	(195,000)	20.5	(26.8)	—	(—)
British Borneo	Mar	2,310	(1,910)	34.4	(27.5)	22.5	(20.0)
Bromsgrove Ind	Mar	720	(502)	6.5	(5.8)	1.6	(1.3)
Cakebread Robey	Dec	809	(598)	8.5	(6.3)	3.8	(3.3)
Castings	Mar	1,870	(1,550)	12.7	(10.7)	3.7	(3.0)
Coloroll	Mar	10,330	(3,510)	16.5	(13.4)	5.7	(5.0)
Deritend	Feb	2,210	(2,121)	28.0	(27.4)	9.0	(8.0)
Fine Art Dev	Mar	15,540	(7,150)	14.5	(9.8)	5.5	(4.0)
Grand Central	Dec	479	(881)	1.9	(0.4)	0.5	(—)
Granyte Surface	Feb	1,430	(1,260)	—	(—)	2.8	(2.1)
Hartwell	Feb	6,120	(3,710)	8.7	(7.9)	3.0	(2.6)
Heath C. E.	Mar	14,470	(34,670)	20.0	(50.5)	25.0	(24.4)
High Gosforth Pk	Dec	84	(62)	78.0	(73.0)	15.0	(15.0)
Inoco	Dec	987L	(1,200)L	—	(—)	—	(—)
Maclellan P. & W.	Dec	358	(631)	3.6	(6.4)	1.9	(1.9)
McInerney Prop	Dec	4,100	(3,040)	—	(—)	5.0	(5.0)
Mellarware	Dec	278L	(402)	—	(4.2)	1.1	(—)
Merrett Hldg	Dec	5,310	(1,810)	12.7	(4.6)	3.5	(3.0)
Nuswift	Dec	14,680	(6,291)	21.7	(7.5)	7.0	(3.5)
Parker Pen	Feb	14,290	(300)L	—	(—)	—	(—)
Parkland Tex	Feb	1,570	(1,220)	—	(—)	—	(—)
Priest Marians	Feb	1,190	(585)	9.3	(13.5)	1.6	(1.4)
Readicut Intl	Mar	10,500	(11,470)	6.0	(4.2)	2.2	(1.6)
Rock	Dec	553L	(136)	—	(0.8)	—	(—)
Sainsbury J.	Mar	268,100	(208,500)	22.8	(18.2)	7.0	(5.5)
Sangers	Feb	1,340	(780)	9.0	(4.7)	1.6	(1.4)
Top Value Ind	Dec	913	(446)	9.1	(4.5)	2.5	(—)
Triefus	Dec	1,350	(793)	6.2	(1.8)	1.0	(0.1)
Trimoco	Mar	518	(7,900)L	—	(—)	—	(—)
Underwood	Mar	3,110	(2,540)	8.3	(6.8)	2.5	(1.65)
Whitbread & Co	Feb	158,900	(136,800)	26.6	(24.9)	8.9	(7.8)
Whitbread Inv	Mar	7,660	(7,100)	8.6	(7.8)	8.2	(7.4)
Wordplex	Dec	2,180L	(3,190)L	—	(—)	—	(—)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Acatos & Hickman	*Mar*	*6,260*	*(3,630)*	*3.0*	*(1.5)*
Audio Fidelity	Apr	160	(—)	—	(—)
Avon Rubber	Apr	5,360	(2,380)	3.0	(2.5)
Baggeridge Brick	Mar	1,170	(572)	0.7	(0.5)
Bass	Apr	147,400	(130,100)	4.8	(4.2)
Bibby J. & Sons	Mar	17,900	(20,300)	2.7	(2.7)
BOC	Mar	119,700	(83,790)	5.1	(4.2)
Brooke Tool Eng	Mar	655	(577)	0.7	(0.6)
Brown Matthew	Mar	3,710	(3,830)	3.7	(3.0)
Cramphorn	Jan	84	(22)	2.5	(1.7)
Craton Lodge	Mar	180	(163)	0.7	(0.6)
Crystalate	*Mar*	*4,020*	*(3,510)*	*2.1*	*(1.8)*
Guiness Peat	Mar	14,270	(9,420)	1.1	(0.9)
Helmes & Mrchnt	Mar	1,270	(883)	1.7	(1.2)
Irish Distillers	Mar	5,140	(6,880)	2.0	(2.0)
Leeds Group	Mar	1,520	(1,060)	2.7	(2.2)
McCarthy & Stone	Feb	7,590	(5,900)	0.9	(0.8)
Midsummer Leis	Mar	851	(404)	1.5	(—)
Polly Peck	Feb	36,870	(31,160)	1.7	(1.2)
PWS Holdings	Mar	4,510	(3,450)	3.5	(3.1)
RHM	Feb	52,900	(40,200)	11.1	(9.5)
Reliant Motors	Mar	29	(195)	—	(—)
RHP	Apr	9,540	(4,580)	2.2	(1.9)
Thornton G. W.	Mar	320	(297)	1.5	(—)
Tomkinsons	Mar	1,430	(753)	2.0	(1.2)
Tunstall	Mar	2,760	(2,240)	1.0	(0.8)
Unilever	Mar†	349,000	(236,000)	—	(—)
Unitycorp	Mar	220	(382)	—	(—)
Yorkshire TV	Mar	7,120	(5,500)	3.0	(—)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share, except where otherwise indicated. † First quarter figures. L Loss.

Correction: Micro Business Systems made pre-tax profits of £937,000 in 1986, compared to a loss of £3.41m in 1985, and not vice versa as reported in the FT on April 18.

RIGHTS ISSUES

Arlington Securities announced a £82.4m one-for-two rights issue. Up to 26.35m shares will be issued at 210p.

DSC is to raise £2.6m by the issue of 4.58m new ordinary shares at 58p, existing shareholders will be offered 785,000 of the new shares by way of a one-for-four rights issue at the same price.

McInerney Properties went to the market with share placing to raise £6.2m and offered shareholders a one-for-five rights issue at 236p.

Scottish Heritable Trust is to raise £18.5m through a one-for-four rights issue at 215p.

Wordplex is to raise £3.6m via a placing of shares and £5.7m in an 11-for-10 rights issue at 30p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Henry Barrett is coming to the stock market through a placing of 5.64m shares at 77p each.

Harvey and Thompson proposes to raise £1.63m by the issue of 466,000 new ordinary shares at 375p.

Shoraplan, USM placing of 3.35m shares at 92p.

Wehmiller Barry International is to seek a stock market flotation which will value the company at £30.6m. 15.87m shares are to be offered at 135p.

Positions reviewed

Wall Street

IT WAS Citicorp's week.

The decision by the largest US bank holding company to add a handsome $3bn to its reserve against losses on Third World loans dominated trading in New York last week. The first rumours that Citicorp might be about to recognise that the loans were not wholly collectable surfaced on Tuesday, knocking the bond market out cold. It hammered stocks too, including Citicorp which fell $1½ to $50¼.

Citicorp duly made an announcement after hours on Tuesday and the market loved it. By late afternoon on Wednesday, Citicorp was up $3.25 a share — or around half a billion dollars of market capitalisation in very heavy trading.

It closed with a gain of 2½ at $53½. Other money-centre bank stocks with Latin American exposure fared according to the market's view of the ability of their balance sheets to handle the Citicorp treatment. Manufacturers Hanover and BankAmerica fell, while J. P. Morgan, which has long been building its loss reserves, rose. Bonds ticked up.

On Thursday, Citicorp was the most active issue on the New York Stock Exchange. About 2.8m shares changed hands as the stock climbed $2¼ to $55¼. Whatever anybody else felt, the stock market thought Citicorp's action was a Good Thing. And the market's welcome to Citicorp merely increased pressure on the other banks to follow suit.

At first sight, the stock market seems a little perverse. In providing $3bn against its $15bn in loans to the most indebted Third World countries, Citicorp will be obliged to report a loss of $2.5bn this quarter.

The creation of the reserve carries a tax break and the loss of shareholders' equity will probably be comfortably less than $2bn. But it is still writing off up to 20 per cent of its shareholders' funds of $9bn. (Which is quite a lot of shareholders' funds.)

But the market does not think that way, for some quite good reasons:

● The market long ago stopped believing that Citicorp's sovereign loan books were actually worth $15bn, or that its shareholders' funds really represent $9bn. The stock market has had such a dim view of the value of bank equity, because of the sovereign debt problem, that Citicorp has regularly traded at a discount to its book value. While the stock market valuations of earnings surged in the first quarter, Citicorp trailed. On a price-to-earnings basis, Citicorp was valued at a discount of nearly 60 per cent, a post-war record, last moth. Analysts such as Mr Thomas Hanley at Salomon Brothers have been recommending the stock as cheap since April.

● In going some way to meet the market's notion of the actual value of its loans and the discount to its net worth, Citicorp has made friends. "People are saying that it's being realistic," one analyst said. Citicorp can also set about selling the loans for whatever they are worth in the secondary market, freeing its

● Citicorp will sell off some assets in the second half of this year, but it will take a horrible annual loss of about $1bn. But in future years it will no longer need to squirrel so much of its earnings into a reserve. Citicorp has been building reserves at the rate of $500m a year. This rate should now fall to $50m-100m a year, partly because asset growth is not particularly strong elsewhere at the moment. Analysts are now raising their estimates of Citicorp's 1988 earnings by two or three dollars to over $10, after a loss of $7 a share this year.

● US money-centre banks are in the fortunate position of being able to count their loan loss reserves alongside their shareholders' funds as "primary capital." This is the regulatory base on which they rest their loans. Citicorp's primary capital, which was 7 per cent of assets at the end of the first quarter, will be unchanged or even enhanced by the reserve strengthening. Citicorp will not be required to rein in its lending or be stampeded into raising new capital.

As Standard & Poor's put it, as it affirmed Citicorp's AA rating as a borrower: "By recognising the significant value impairment of its $15bn ldc (less developed country) debt, Citicorp is well-positioned to restore earnings momentum and rebuild equity cap."

But what of the other money-centre banks? Will they follow the direction clearly signalled by the market? And can they afford to? S & P was gloomy: "The strains created by such reserve actions may permanently weaken lower-rated entities with mediocre fundamentals."

Analysts were hard at work last week redoing bank balance-sheets as if everyone had done a Citicorp. The adjustments can be made according to different measures of a bank's capital adequacy. One measure is the relationship of its loans to the reserve set up to anticipate losses on the loans.

At the end of the first quarter, Citicorp's reserve was a threadbare 1.39 per cent of its total loan assets of $130bn. After Tuesday's announcement, the percentage leapfrogged Citicorp's rivals to 3.68 per cent.

To match that, the mighty J. P. Morgan, with equity of over $5bn, would have to provide just $300m. The fragile BankAmerica would have to set aside about $370m, which would certainly wipe out its earnings this year. But BankAmerica, which has been building up reserves by selling assets in a drastic reduction of its business, is fairly comfortably reserved and says it has no plans to follow Citicorp's lead. Its depressed stock price fell only $¼ to $11 on Wednesday.

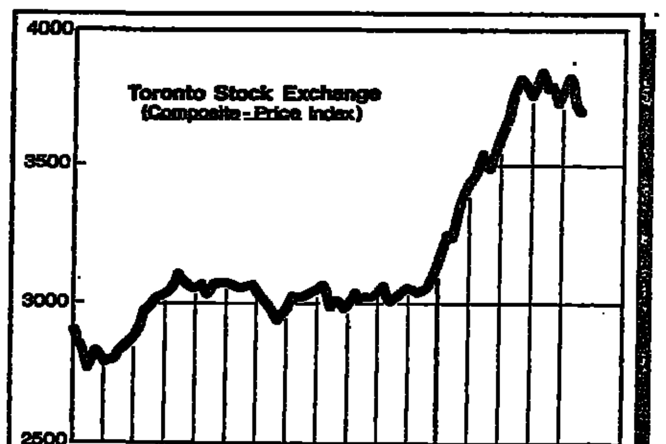
Hardest hit in the market was Manufacturers Hanover, with year-end shareholders' funds of $3.8bn, which would need to set aside $1.0bn to keep up with Citicorp.

MONDAY	2258.66	−13.86
TUESDAY	2221.28	−37.38
WEDNESDAY	2215.87	− 5.41
THURSDAY	2225.77	+ 9.90

James Buchan

Outlook remains cloudy

Toronto



FEVERISH CANADIAN equity markets have just come off a broad four session decline, the second minor correction since the Toronto Stock Exchange index of 300 stocks peaked early in April at 3897.10.

The Canadian market is being buffeted by the same forces as in the US. Investors and analysts are asking whether the long bull market can stay intact, or whether the economic sins of the recent past will lead to loss of stability — and another North American recession on the scale of 1982.

Seldom has opinion been more divided, at least in Canada. But fears of renewed inflation are widespread as the Federal Reserve tightens and forces short-term interest rates up, with the Bank of Canada following. Many institutions are nervous about both stocks and bonds, as the US and *Canadian 1988 elections* approach.

The Toronto Stock Exchange (TSE) 300 index closed on Friday, May 15 at 3833, up about 25 per cent from a year earlier, indicating a heady price-earnings ratio of about 20 and a dividend yield of 2.5 per cent. The two modest corrections since early April have cut the gains by only a few percentage points.

Some groups, such as gold, metals, oil and gas, and forest products have risen more than 50 per cent year to year, especially in the first three months of 1987. But financial services, consumer products, utilities and merchandising stocks have lagged far behind the TSE average. The banks, for instance, have been in a correction phase since February because of pressure on earnings and the foreign debt crisis.

The recent string of declines have taken some of the wind out of oil and gas stocks and metals, but gold still remains out of sight. The TSE 300 closed last Thursday at 3696.94.

Some analysts are worried by the extent to which the general public has entered the market; they see the speculative fever in real estate in Central Canada spreading into the mutual funds industry.

Mutual fund sales in the first quarter, after redemptions, were C$2.89bn, up from C$1.3bn a year earlier, and sales of equity funds alone were up 2.5 times.

Technical analyst Leon Tuey, of Dominion Securities Inc., Toronto, says the strength of the market has been narrowing for some time. US dolar uncertainties will keep stocks volatile, but he feels the bull market is still intact.

Dominic Dlouhy, executive vice president at Dean Witter Reynolds Canada Inc., is a seasoned optimist who has predicted the TSE 300 would peak at about 5,000 in this cycle. He believes that the market should undergo a 15 per cent correction, but that it still has about half-way to go.

"There are positive factors, such as rising profits, a more competitive economy and spare industrial capacity," he said. "But these cannot be reflected in the market until investors see real values again, and more sensible multiples. I see signs of speculative fever, and we could be in for an unsettled period in the months ahead."

Ronald Kaulbach, managing partner at Gryphon Investments Counsel Inc., which manages about C$3bn of institutional funds, cites the same uncertainties affecting bond and stock markets.

But he believes the stock market is more resilient than many think, and the North American economy has an underlying strength that should not be dismissed. A correction may well be in order for the Canadian stock market, he says, but while some groups are over-valued, many others still offer realistic multiples or are under-valued. He sees the market reasserting its strength once the political and economic clouds clear a bit.

John di Tomasso, investment manager for equities at Royal Insurance Canada Toronto, points to the enormous amount of liquidity overhanging the market, uncertain where to go.

He sees weakness in the Canadian and American economies, yet many people continue to chase financial assets almost everywhere in the world. "It's an anomaly, for instance, that Japan's economy is at a standstill while its stock market hits new peaks." He says the wave of European investments in Canadian stocks this year has died down, but American buying of Canadian resource stocks has been a major factor.

Looking to the longer term, he believes North American agriculture is entering a strong recovery phase, and with dollar devaluation people will gradually realise that industry can compete again in world trade. Money may well shift away from financial assets into the production economy again. "The situation is volatile, and I don't know where the Canadian market is heading."

Robert Gibbens

Glittering attractions

Resources

OTHER THINGS being equal, you might expect gold to move a cent or two in a week when a US warship is attacked in the Gulf and the world's largest bank writes off a third of its book value because concern about Third World debt might move the gold price a cent or two.

Both pieces of news came as a surprise—the Iraqi attacks on the frigate Stark and Citicorp's announcement that it was cutting the value of its $15bn developing country loan book by $2.5bn.

But bullion ended the week in London at $465.25 an ounce, little changed from last week's $467.25.

Of course there are good reasons why this was so. Concerns about Middle East tension and Third World debt are nothing new, and so are well discounted in the financial markets.

But the market's flat reaction to the week's events demonstrates how difficult it is for investors to judge how the gold prices might respond to influences outside the market itself.

It is an historic fact bullion does rise on events which tend to lead to increases in political or economic uncertainty. The difficulty lies in estimating in advance which events are going to matter more than others.

It is therefore worth bearing this week in mind when considering the current state of the gold market, which has unquestionably become more volatile over the past year, precisely because of uncertainty about the future of other financial markets.

Consolidated Gold Fields points this out in its annual review of gold, published on Tuesday. The company report says there was a substantial shift in mood in the developed world in favour of gold investment. "The growing perception that gold has a role to play as a form of insurance against all kinds of financial and political cataclysms, not merely inflation, seems certain to encourage investment demand."

By the standards of some other forecasters, who are confidently predicting gold prices of above $500 an ounce this year, Gold Fields's remarks are very cautious. But by its own past record, the group is being positively euphoric.

The evidence for increased investment demand is in the report's figures. It shows that last year, investors in Europe and North America bought 81 tonnes of gold, whereas in 1985 they sold 170 tonnes.

Investors in other parts of the world, mainly in Japan, bought 220 tonnes, less than in 1985 when they purchased 310 tonnes. However, the overall effect is an increase in investment worldwide — a trend which, according to the report's author, George Milling-Stanley, is continuing in 1987.

These investors will be sorely needed to take up the growing output of new mines opening around the world. Gold supply to Western countries rose 20 per cent last year to 1,967 tonnes, Gold Fields says, thanks to new mine production, higher sales of scrap, and increased Communist sales to the West.

Johnson Matthey this week published an equally authoritative report on platinum. Once again, a growth in investment demand was the most striking feature. The company estimates that investment purchases of platinum rose 75 per cent to 450,000 ounces in 1986, and accounted for some 16 per cent of total demand for the metal.

The group comments that investment interest is looking "durable." Given growing evidence of a liquid two-way market in the metal, it is hard to disagree. But would-be investors should remember that platinum is a smaller market than gold — and far more risky, because it is more volatile.

Meanwhile, mining groups are continuing to cash in on the soaring markets for gold shares. Noranda, the Canadian company which last year floated part of its stake in the Hemlo field in Ontario, sold most of its remaining Australian gold interests for about A$196m (£85m) this week. Its 50.2 per cent holding in Noranda Pacific, which has an interest in the Coronation Hill deposit in the Northern Territory, has gone to Australian buyers.

Dealings start this week in Newmont Australia, 25 per cent of which has been floated by its parent Newmont Mining. With a 70 per cent stake in the Telfer mine, where output is rising this year from 166,000 to 240,000 ozs, Newmont Australia is one of the country's biggest producers. The shares, priced at A$2.10, are expected to go to a premium. Brokers in London say the parent Newmont Mining might be the best way to take advantage.

Finally, MIM Holdings is getting a better grip on its formidable debts. In the past two weeks the group has refinanced over £100m of its debts with two bond issues. Strong lead and zinc prices have been the main reason behind an increase in MIM shares recently, but stockbrokers are beginning to think more highly of the management than they did.

Stefan Wagstyl

· FINANCE & THE FAMILY ·

An income for life

WITH INTEREST rates ready to fall if a Conservative Government is re-elected it is good strategy for investors in the fixed-interest sector to choose a security which guarantees pre-set rates for as long as possible.

One such vehicle is the guaranteed income bond from a life company. This usually provides a fixed-interest rate over a given period of up to five years.

As these are life company products the interest is free of basic rate tax, but there is a higher-rate liability which can be deferred.

Now, the UK branch of the Italian insurance group Assicurazioni Generali has launched a Lifetime Income Bond. This will provide investors with a yield of 8 per cent net of basic rate tax for life if desired, the underlying investments being *irredeemable gilts.*

If the investor holds these bonds until death, his estate gets at least the return of the original investment. However, if he wants to cash his bond, Generali has a complicated formula for determining the surrender value.

The yearly income is divided by the average gross yield for the FT-Actuaries British Government irredeemables index at the time of surrender.

There is a penalty factor applied on a decreasing scale during the first five years of the bond.

If interest rates fall, the average irredeemable yield will *fall and the investor could get* back more than his original outlay. If interest rates rise, the return will be lower.

However, there could be a tax liability if a higher surrender value is paid. Generali's leaflet explains this in detail.

The *death payment* will be the higher of the outlay and the surrender values.

The literature on the bond is extremely informative, including a section about the possible effect on the age allowance. Income bonds are popular with many people reaching retirement who put some of their savings into these bonds which, in general, do not affect the age allowance as much as an equivalent building society investment.

Eric Short

Gold set to make comeback

WITH INTERNATIONAL equity markets looking frothy, *some currencies vulnerable and* a UK election coming up, investment managers and advisers are beginning to look at gold again.

Brown Shipley Investment Management, in its May monthly investment review, examines the causes of the instability of the US dollar in relation to major other currencies, notably the yen. This also leads the company into some remarks on the Tokyo equity market.

The management concludes that a dollar collapse is possible, but in its view unlikely; but that a shakeout in the Tokyo market is probable.

"Even in Tokyo," it says, "*professional investors* are becoming aware that their equity market is supported by what their successors may come to describe (a la the South Sea Bubble) as the madness of crowds.

". . . An intuitive feeling is gaining ground that gold has been left behind by other traditional investment media."

In terms of dollars, the yellow metal was trading this week at over $470 an oz against an average of $368 in 1986 and *$317 in 1985. That reflects the* slump of the dollar, and the fact that some US fund managers have been more disposed to regard it as a legitimate investment.

In Britain it has been much less exciting, in the £280s this week against averages for 1986 *and 1985 of £251 and £246* respectively.

Dr Robert Weinberg of London stockbrokers James Capel and Co comments on this situation in Gold Update, the May bulletin from the International Gold Corporation.

"Gold is money and, in the long run, the best money that money can buy. It nevertheless, like other monies, has a price. This price is not denominated solely in US dollars for it has to compete against all other monies as well."

Dr Weinberg goes on to point out that in terms of the trade weighted dollar, a reasonable proxy for gold's monetary price, the metal stayed on a downtrend from early 1983 to *mid-1986, showing signs of* recovery thereafter.

"Gold has traditionally provided fearful investors with a safe haven in times such as these," he observes. "And there is evidence that some, for the moment small, part of the profits made in the equity and bond markets are being redirected towards insurance in gold and gold shares."

"But investment in gold is not only a matter of insurance," he says. "There are those too *who seek not so much to pro*tect their existing wealth but rather to enhance it through investment (or speculation) in whatever vehicle appears to be performing best.

"With South Africa the subject of renewed media interest," he concludes, "the *investment climate for gold* seems to be pointing to another heat wave."

●

UNIT TRUST *management* groups are still discovering the potential of the European stock markets. But for those investors who want to run their own unit trust portfolio, Dumenil is today launching three more European trusts—the Italian, Swiss and German Growth funds to join similar French, Spanish, Belgian and UK funds.

Dumenil Unit Trust Management is the UK subsidiary of the French financial and banking group Dumenil Leble, which has total funds under management of £1bn. The Spanish *fund, launched in January, has* attracted £27m.

The Italian fund is the first UK authorised unit trust to specialise in that market. Financial commentators have been enthusiastic over it in their European portfolios, not only with the growth in corporate earnings but also in the weight of money awaiting investment in Italian equities.

In contrast, the Swiss market has more defensive qualities: lower gearing and low interest costs, *together with a strong* currency. The managers warn, however, that the investment opportunities have to be selected carefully.

Managers going into Europe have made a beeline for West Germany as a core holding for their portfolios. Now, more solely German-based funds are appearing on the unit trust scene; the managers at Dumenil feel this market is still undervalued.

All these funds aim at capital growth and the yield is low. They are mainly for the *specialist investor with access* to professional advice.

E.S.

Linda Lennard on the benefits available if you are disabled

In sickness if not wealth

ANY ONE of us might become sick or disabled at some time in our lives, or have a relative with a disability. And being *disabled is expensive—obvious* extra costs include heating, special diets, and wear and tear on clothing.

Not-so-obvious costs include the extra expense of buying goods because you are not able to shop around, and paying people to do work that you would normally do yourself. So, it is vital to find out the exact benefits to which you are entitled in order to maximise your income.

Contrary to popular belief, the existing social security system has no such thing as a "disability allowance" or benefit. There is a complex maze of different benefits, each with its own qualifying conditions. The new edition of the *Disability Rights Handbook**, published recently, provides a guide through this maze, detailing all the benefits available, how to claim, and how to appeal if you are turned down.

As the handbook shows, each benefit has its own separate route for claiming — some depend on medical condition, others on your national insurance contribution record, and others on your income.

Two specific disability benefits which depend solely on *medical condition* are attendance allowance and mobility allowance. The former is a weekly benefit for adults and children aged two or over who are severely disabled and have needed lots of attention for at least six months. Note that it is not necessary to have some*one actually looking after you* to qualify—it is your *need* for attention or supervision that counts, so people living alone can qualify.

Attendance allowance comes at two rates—the higher rate (now £31.60 a week) goes to people who meet the qualifying conditions during the day *and* the night; the lower rate (£21.10 a week) is paid if you meet the conditions during the day *or* the night.

Mobility allowance (now £22.10 a week) is payable to people who are unable (or virtually unable) to walk, or where the exertion required to walk constitutes a danger to life or could cause a serious deterioration in health. Claimants must be aged between five and 65.

Both attendance and mobility allowances are tax-free and are not means-tested; nor is your national insurance record taken into account.

Generally, people who fall sick, are entitled to statutory sick pay (SSP) from their employer for the first 28 weeks *they are absent.* The two main qualifying conditions are incapacity for work and the level of average weekly earnings. SSP is separate from any occupational sick pay paid by employers.

If you are unable to work after 28 weeks, you can claim invalidity benefit, paid directly by the DHSS—as long as you have the right national insurance contribution record. You have to show continuing incapacity for work, normally with a doctor's note. The basic rate of this benefit is £39.50 a week but you might also qualify for either an earnings or age related addition. There are also additions payable for a dependent partner and children.

If you do not have the right national insurance record, you might be able to claim severe disablement allowance (SDA). People who become incapable of work before 20 simply have to prove incapacity for work — normally with a doctor's note.

If you become incapable of work after 20, you have to meet an additional test of 80 per cent or more disablement. But some are "passported" through the 80 per cent, including people already on attendance or mobility allowance or registered as blind. SDA is paid at £23.75 a week, with additions for an adult dependent partner and children.

Different schemes also exist for people with an industrial injury or disease, or who have been injured in war. People with disabilities can, of course, claim any other social security help — like unemployment, housing or widows' benefit—if they meet the qualifying conditions.

● Disability Rights Handbook, available from the Disability Alliance ERA, 25 Denmark Street, London WC2 8NJ (price £3 post-free).

• FINANCE & THE FAMILY •

Pru races ahead

THE GREAT INVESTMENT RACE:			
Team		Value	% change in month
1 (2)	Prudential	£213,435	+40
2 (1)	Fidelity	£171,115	+ 4
3 (3)	Hoare Govett	£102,824	− 2
4 (4)	Messel	£66,556	+16
5 (6)	Bell Lawrie	£55,012	+12
6 (5)	Nomura	£53,330	—

Source: The WM Company

"THE MARKET has been messy, very messy ever since the election was announced," groaned Peter Clarke of Hoare Govett. "The economy looks very good, but if the Tories lose a few points in an opinion poll, down goes the Index. This is just the sort of market that stockbrokers hate."

Hoare Govett may bemoan the volatility of a stock market in the throes of a general election, but some of its competitors in the Great Investment Race disagree. The teams have divided into two camps: the pessimists, like Hoare Govett, who have decided to lie low during the campaign; and the optimists who see an erratic market as an opportunity, not a threat.

Prudential Portfolio Managers has been the most optimistic of all. The team has flirted with financial futures in the past month or so and has snatched the lead away from Fidelity by boosting its portfolio by an enormous 40 per cent to sail above the £200,000 mark.

The race began in late September when six teams of top fund managers, armed with portfolios worth £35,000, embarked upon a competition to see which could raise the most money for charity by managing those portfolios for a year. The race's sponsor, Prudential Unit Trust Managers, provided the original portfolios, while the organiser, Charity Projects, will decide how to donate the money at the end of the year.

Nomura International, which was seen as one of the most aggressive contenders at the start of the race, has been deterred by the erratic mood of its domestic market, the Tokyo Stock Exchange, in recent months.

As a result Nomura lags behind the rest of the field with a portfolio composed of just one stock—Nippon Business Consultants—and valued at £53,330.

By contrast, Bell Lawrie, which has become increasingly adventurous as the race has run on, has used the London market's volatility to swell its portfolio by 12 per cent to £55,012 in the past four weeks and to slip into fifth place ahead of Nomura.

"We have stuck to our original policy of building a strong, core portfolio," said Alan Henderson, "but have played on the perimeter with a few special situations."

Bell Lawrie has bought shares in Boots, where it sees scope for improvement in a buoyant retail sector, and in the Mercury blue chip fund; and has taken profits on a stake in the Bank of Scotland. For the short term it intends to continue with the same strategy of dividing its portfolio between a wide range of small holdings.

Like the Pru, the Messel team favours making the most of a volatile market by dabbling in financial futures. A series of speedy deals in futures, combined with opportunistic investment in blue chips—buying and selling stocks like British Telecom, J. Sainsbury and British Petroleum within the space of a few days—has succeeded in boosting its portfolio by 16 per cent to £66,556 in the last month.

Hoare Govett has been rather more reticent. As Peter Clarke said, it has been wary of the "messy" London market and has stuck to "special situations which are insulated from violent swings up and down" for its £102,824 portfolio.

"Our London stocks — New England Properties and Waterglade International—are fine," he said. "But we are rather disappointed by the Walhalla Mining, an Australian gold company. The gold price is soaring, but the shares are still at the same price. Yet Walhalla is a second line stock. Given time it is sure to be noticed."

Hoare Govett plans to cling to its present portfolio until after the election. It will then resume its search for more speculative special situations.

Fidelity, which has vied with the Pru for the leadership throughout the race, has stuck stubbornly to its strategy of adopting a more cautious approach in the second half in order to cling on to its gains. The Fidelity portfolio rose by just 4 per cent, a modest rise by its past standards, in the last month to £171,115 after a series of small deals in the Far East.

The team from the Prudential has chosen to make the most of the election by taking advantage of the volatility of the London stock market—and Fidelity's caution—to lengthen its lead considerably by roaring ahead to £213,435.

Throughout the race the Pru has stuck to the same strategy of assembling a core portfolio of equities principally from London, occasionally from Japan — and adding a dash of excitement by speculating on the financial futures market in bouts of day-by-day trading.

This month it has added Audio Fidelity — "a small company doing very well," as Trevor Pullen put it — to its portfolio and has traded in BAT and Smiths Industries. But most of the gains have been gleaned from financial futures.

"The good thing about futures is that you cannot lose —provided you are in tune with general sentiment," said Pullen. "All it takes at the moment is one bad poll for the Tories and the market plunges. And if, as we expect, Mrs Thatcher wins, the stock market will soar."

Alice Rawsthorn

Manifestos offer options to savers

Peter Riddell outlines the sharply contrasting policies on tax, pensions and share ownership being put forward by the three main parties

LIFE WOULD be very different for savers and investors if there was a change of Government. The three main parties offer sharply contrasting policies on tax and social security, pensions, mortgage tax relief, and share ownership.

The Tories offer more of the same, while Labour has proposed a shift of priorities with the better-off paying more in tax to finance an anti-poverty programme. The SDP/Liberal Alliance programme is in the middle, welcoming wider property ownership, but rejecting tax cuts.

The Tory manifesto is vague on issues of direct interest to savers. It reiterates the pledge to reduce the basic rate of income tax from 27p to 25p (against 33p when the Tories came to power in 1979) "as soon as we prudently can."

But, otherwise, there is merely a reference to continuing the process of tax reform. There is no reference to previous hints about cutting the higher rates of income tax, nor to the controversial question of the taxation of husbands and wives.

But Mrs Thatcher has won her battle with some economic advisers over the future of mortgage tax relief. The manifesto says categorically that the present system will be kept. This is in contrast with both Labour and the Alliance which propose to confine tax relief to the standard or basic rate of income tax. Labour would also restrict other allowances to the basic rate of tax.

Labour will finance its anti-poverty programme by "reversing the extra cuts which the richest 5 per cent have received from the Tory Government." The party has indicated that it will not necessarily reintroduce all the taxes abolished since 1979 or increase those which have been reduced.

But Labour spokesmen have talked of bringing back a surcharge on unearned or investment income and "other reforms to capital taxation—including the introduction of a wealth tax, which, while applying to only the wealthiest 1 per cent of the population, will, over the years, bring a significant contribution from those in our society best able to pay."

Roy Hattersley, the Shadow Chancellor, has said only individuals earning over £500 a week can expect to pay more. Much would depend on the impact of the removal of the upper limit on employee national insurance contributions, at present nearly £300 a week, which is not in the manifesto but which a Labour Government would review. One option being considered is to impose national insurance contributions on investment income.

There would also be a boost to the incomes of families with children from Labour's proposed £3 a week rise in child benefit. Labour has also expressed support for the independent taxation of husbands and wives and for the reintroduction of separate taxation of husbands and wives.

Labour has also said it would reverse the 2p in the pound cut in income tax in the March Budget.

The Alliance has said that because of the buoyancy of tax revenue its spending plans would not involve a rise in the average tax burden. However, its anti-poverty programme would be partly financed by changes in the tax system, and by starting to phase in independent taxation for married women. The current personal tax allowances would be changed into a standard allowance worth the same value for all taxpayers and the Alliance would not uprate the married man's tax allowance in line with inflation. This would mean a rise in taxes for the higher paid. The Alliance would also reform capital taxation to encourage wider distribution of gifts and legacies.

On pensions, the Tories say they would maintain the value of the state retirement pension and would reintroduce measures to give substantial tax incentives to personal pensions and to enable members of occupational schemes to make additional voluntary contributions to a pension plan that is completely separate from employers' schemes.

On pensions, Labour has pledged an immediate increase of £5 a week in the single pension and of £8 a week for the married couple, "as the first step in re-establishing a link between pensions and average earnings or living costs, whichever is the most favourable to pensioners."

The state earnings related pension scheme will also be fully restored "as part of the process of achieving our objective of a pensions level of one-third average earnings for single people and half average earnings for married couples."

Occupational pensioners would also be affected by Labour's plans for a capital repatriation scheme "using the tax system to attract and retain British savings and investment in Britain." This would impose financial penalties on financial institutions which did not repatriate most of the larger-scale outflow of capital from Britain since 1979 when exchange controls were abolished. These funds would be used to support the proposed British Industrial Investment Bank which will finance long-term industrial investment.

The Alliance proposes to increase the basic state retirement pension by £2.30 a week for a single person and £3.65 for a married couple. There would be an additional benefit for poorer pensioners. It also aims to restore the link between pensions and average earnings, while moving towards an equal and flexible retirement age for men and women.

On the broader question of share ownership, the Tories propose a continued extension, without details, though saying they will continue privatisation in "ways that increase share-ownership, both for employees and the public at large." The Tories will also reintroduce their proposed tax incentives for profit-related pay.

Labour's manifesto avoids wide-ranging commitments to renationalisation but it does promise to bring into "social ownership" British Telecom and British Gas.

This would be by conversion into special new (non-voting) securities. The manifesto says these would "be bought and sold in the market in the usual way and will carry either a guaranteed return, or dividends linked to the company's growth."

The Alliance would not renationalise already privatised companies and would accept the sale of the remaining state shareholdings in BT and British Petroleum as well as the sale of British Steel as a single unit. But it would oppose the sale of other public utilities like water and electricity.

The manifesto from the Alliance also urges wider tax relief from savings, including those directly invested in small businesses.

Paper mountain

Barry Riley reports that the huge turnover of Rolls-Royce shares is forcing most brokers to charge commission

THE GREAT Rolls-Royce paper mountain burst over an apprehensive stockbroking fraternity this week, as two million investors received their allotment letters on Wednesday morning, and many rushed to sell at juicy premiums.

But with brokers' creaking back office systems already working more than flat out, the stock market's practitioners were giving the strong impression that this was simply one privatisation too many.

As 400m shares changed hands on Wednesday alone a reminder of the potential was given on Tuesday by the subject of the immediately previous state sell-off, British Airways.

In February, BA had attracted an initial 1.2m shareholders, but this has now declined to some 450,000, which means 750,000 have taken their profits.

If Rolls-Royce follows the same proportionate pattern, about 1.25m allottees will be selling their 150 or 200 shares (few got many more) over the next few days and weeks, if they haven't already done so.

They are discovering that they are paying very much more in commission for the privilege than in the TSB and British Gas flotations last autumn, when special deals of £3 to £9 were available. Now, many brokers are charging minimum commissions of the order of £20 (plus VAT).

Stockbrokers are no longer in the business of offering special deals or cut rate promotions. "TSB just broke the back. It got very silly, the back offices were absolutely swamped with paper," says Paul Killik, private client chief at Quilter Goodison, where the cheapest rate for RR is a comparatively modest £15. "Brokers are trying to duck this one," he adds.

This might seem odd, given that £20 on each of more than 1m bargains adds up to a tidy sum. But brokers are not geared up to processing paper on this scale. The marginal cost of clearing bargains certainly ought to fall with rising volumes—but only up to the point where the sytsem jams, when the cost becomes infinite.

Not everybody feels the same apprehension. Peter Gartside of Manchester broker Gartside & Trippier, which is offering a bargain basement minimum price of £12 plus VAT (up from £10 compared with British Airways) thinks that his firm cleared a profit on British Gas transactions at commissions of between £5 and £7 a time.

His basic costs are only £2 a contract for computer processing and £1 or so for Talisman, the Stock Exchange settlement service. On top go his own staff costs, but these can mount rapidly if things go wrong. "We might be caught out if the administration gets on top of us," he admits.

Against that, allotment letters are simple and cheap to process, with no need to wait for money to be matched at the end of the Stock Exchange fortnightly account, and no danger of expensive wrangles, such as over who is entitled to a dividend cheque.

Of course, Gartside & Trippier has the crucial advantage of lower office and staff costs in Manchester. Bryan Baughan of the big London broker Hoare Govett bemoans the back office crisis in the City which has turned settlement clerks into the new targets of headhunters who a year ago were chasing the much more glamorous analysts and market makers.

"One result must be the movement of whole settlement offices out into the sticks," he forecasts.

Baughan talks about the 38 steps — not the John Buchan novel, but reputedly the number of processing stages through which a share bargain has to go. And when the two ends of a bargain for some reason fail to match up — which happened to 6,000 trades at the end of the last account — the costs inevitably escalate alarmingly.

Most brokers dream of a future when settlement will be entirely automatic. Many have elaborate schemes on the drawing board but they have been overtaken by events. "If we had the Rolls-Royce settlement capacity we are seeking we could clean up in this market place," said Baughan wistfully.

The Stock Exchange itself is planning a so-called auto-execution scheme for small bargains, so that brokers need only tap into a computer terminal to secure the best price for clients. There are also plans for a new electronic settlement system which will do away with paper.

But in the meantime the major beneficiaries of privatisation issues appear to be the settlement clerks whose salaries and bonuses are shooting up and whose overtime hours stretch late into the evening.

"Some people are trying to solve the problem by taking on bodies rather than expertise," says a broker. But unskilled labour can quickly cause back office snarl-ups.

Fortunately the sheer size of the premium on Rolls-Royce will ease the pain of the hefty commissions. Public applicants have shown an instant gain of well over £200m on the issue.

But whatever will stockbrokers be charging by the time the next privatisation issue, that of the airport group BAA, comes around, election result permitting?

Christine Stopp examines unit trust performance Down Under

Australia lags in long term

A TABLE of performance figures for the Australian unit trust sector shows classic examples of volatility. Over the past five years, performance has certainly not risen steadily. The investor who put money into the sector three years ago and held on has fared worse than one who got in at the right moment a year ago.

While sector performance over six months far outshines both the Far East and International sector averages, it is less than half as good over five years. In fact, Australian unit trusts performed dismally for several years until the revival of the gold price and its associated shares, which started just under a year ago as political stability in South Africa began to look increasingly uncertain.

Australia has traditionally been regarded almost exclusively as a resources market. Some of the unit trusts reflect this by having a permanent strongly resource-based investment strategy. Most are largely invested in resource stocks at the moment, although some describe themselves as Australian trusts first and foremost, with the possibility, in the future, of moving away from the resources sector.

For the time being, it is not just resource-based trusts but those with a strong percentage in gold which have run away with the honours. Waverley Australasian Gold, which has outperformed its nearest competitors by a significant percentage over the first three periods shown in the table, shows how important this single factor has been. The table shows the top half of the 17-strong sector.

To judge by the portfolio breakdowns of the trusts where I spoke with the managers, performance recently can be assessed almost by reference to the percentage of gold shares held. The runner-up, M&G, has 75 per cent in mining and oil, in which gold is the dominant commodity.

Barclays Unicorn is about 66 per cent in resources, including 39 per cent in gold. Schroder has 80 per cent in resources, invested in a variety of diversified concerns, many of which are involved with other minerals apart from gold. Manager Edward Kong says that "less than 10 per cent" of the portfolio is in pure gold stocks.

Both Edward Kong and David Riddle of Barclays regard their trusts as Australian, not gold, portfolios. As Riddle points out, the Australian All Ordinary Index is made up of 65 per cent industrials and 35 per cent resource stocks. If he were particularly bullish on industrials, he could envisage the fund being weighted 80 per cent industrials and 20 per cent resources: "My first target is to beat the index. The second is to beat competitors."

Edward Kong would also be prepared to go heavily into non-resource stocks. For both "investment and political" reasons he is reluctant to go mostly for gold which, he feels, would increase the risks of the trust and "may not be what the unitholder wants."

At present he is, in any case, more positive on non-gold mining shares, such as nickel and aluminium producers. His industrial portfolio avoids some of the major names, and has a bias towards smaller special situations.

On the non-mining side, companies with significant export earnings have been doing well, and David Riddle expects this trend to continue as external trade begins to benefit from a faster-growing economy. He points to the increasing number of major international companies emerging from Australia as an indicator that his trust "may not always be be wholly in resources."

The Australian economy is regarded with no great enthusiasm at present among fund managers. Some Far East portfolio managers feel its weaknesses are a good enough reason to avoid it altogether, and even the Australian fund managers themselves have to admit that, in the words of M and G's David Hutchins, it is "still not in the best of shape."

Treasurer Paul Keating's expenditure statement of last week introduced a strong programme of spending cuts aimed at reducing the budget deficit. This was received with cautious optimism.

"The minimum the market expected," was David Riddle's vedict, although he feels the Government will gain points for a "realistic" approach to the economy, and a policy which should bring interest rates down, benefiting the industrial, and particularly the banking, sector.

As a result of the policies coming in at the moment, he sees a possibility of less "boom and bust," and more steady growth for the economy. While noting the more optimistic outlook for the industrial sector, Riddle does not anticipate a major change in the short term in his own investment policy.

"At the end of the day, there are an awful lot of resource stocks in the Australian market, and a worldwide shortage of scrip in top mining companies." Also, a large percentage of Australian exports is made up of commodities, which suffer from major demand cycles. "If we are in a worldwide period of lower, steadier growth, such cycles will be less severe—which will be good for Australia."

Australian unit trusts percentage growth, offer-to-bid, income reinvested, for periods to May 1 1987

	6 mths	1 yr	3 yrs	5 yrs
Waverley Australasian Gold	85.1	206.1	122.3	—
M. and G. Australasian and General	40.7	111.8	64.6	125.9
Gartmore Australian	28.1	77.1	62.4	76.7
Baring Australia	11.9	70.8	—	—
Barclays Unicorn Australia	26.4	65.8	34.6	125.5

Source: OPAL.

New fund has Olympian aims

MURRAY JOHNSTONE, Scotland's largest independent fund manager with some £3½bn under its belt, this week launched the Murray Olympiad Income Fund to join the Murray Olympiad Growth Fund which has attracted £35m since its inception last January.

Its sales pitch is imaginative: "Investment markets have Olympian proportions," it says, adding that investment as a totally international activity is aptly suited to Murray Johnstone which has been operating that way for the past 80 years.

"Investing for income is the investment equivalent of the marathon," it elaborates. For some people, investment income is a long distance event in which it is vital that money is paced to last for 25 years or so.

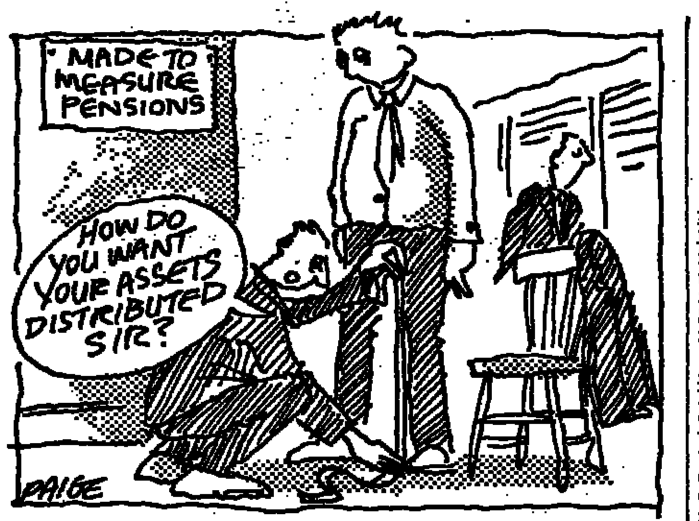
Balanced by this touch of colour, chairman and managing director Raymond Johnstone does not apologise for what he describes as a "very systematic approach" to investment management. This includes monthly meetings to tear the world economies apart and a 10-point statistical stock selection technique.

With a minimum investment of £500, the fund will yield an estimated 5 per cent and be invested in the UK, North America, Europe, Japan and the Far East. The proportions would be 40 per cent, 30 per cent and three slices of 10 per cent respectively, but fund manager Peter Montgomery says that, of course, the allocations could be somewhat different in the final analysis.

Johnstone concluded that the managers will concentrate on investing in securities "which represent a claim on real assets." Real assets, he explained later, were defined as those which will produce returns consistent with inflation, rather than financial assets such as money in a building society or in fixed interest stocks.

William Cochrane

• FINANCE & THE FAMILY •



Investor's Tale

Tailor-made portability

Kevin Goldstein-Jackson reports on a pension scheme designed to take his personal circumstances into account

THERE HAS been a lot of talk recently about "portable pension schemes," almost as if they are something totally new—yet I have had an Independent Pension Plan since 1982.

Such schemes are not suitable for everyone, and if I had been in a company pension scheme for the past 20 years or so I would not have given it up for a "portable" one.

Before 1982 I had not been in a company pension scheme at all, so when I become a director of a public company I had a choice of either joining that company's existing pension scheme or having a "portable" scheme of my own. I chose the latter, at no extra cost to the company, where instead of paying the normal pension contributions for me into the company's scheme, the same amount went instead into my Independent Pension Plan.

Few pension schemes provide their participants with as much information as I receive about my scheme. As well as quarterly valuations from my stockbroker manager, by special arrangements with him, I also receive copies of all the contract notes and bank statements relating to the scheme.

Another distinguishing feature of the scheme is that I am the only person in it.

The scheme has also proved its portability. When I left the company in 1985, the scheme went with me.

Another feature of the scheme is that I am able to make suggestions to the fund manager (my stockbroker) as to what shares might be bought for the plan. The plan also invested part of its funds with Equitable Life and London Life as well as one of Rothschild's currency funds, so it was able to benefit from the expertise of more than one organisation.

The plan only has to think about one future pensioner (and possibly my wife if I die before her) and there are almost 20 years before it matures. It does not have to compete in fund managers' published annual performance tables so it does not have to play safe and choose mainly shares that form most of one of the FT's Stock Market indices. Or perhaps make one too many risky investments in the hope of beating, in any one year, the performance of other fund managers. Instead, it can take a longer-term view as is evidenced by its faith in Dares Estates when many fund managers had deserted or ignored it after it produced losses in 1984. Its Dares Estates shareholding cost an average of 6.29p per share and recently Dares Estates have been over 40p.

There are limits, however, to the plan's investment opportunities. Dealing in warrants, bearer stock, and options are not permitted at all, while any one quoted company cannot form more than 20 per cent of the plan's fund without the prior written consent of the Trustees.

The plan itself was established and is administered by Richards Longstaff (Pension and Trustee) Ltd of Battlebridge House, 97 Tooley Street, London, SE1 2RF. Richards Longstaff were one of the pioneers of this type of Plan, and a good insurance broker, stockbroker or accountant can probably suggest other companies which also operate similar schemes.

For my pension plan, Richards Longstaff charged 3 per cent on the contributions into the fund in its first year; and 2 per cent on annual contributions in the second and subsequent years. There is also an annual charge of 1 per cent of the fund's value after deducting the administration charge.

For these fees, Richards Longstaff provide all the necessary documentation and negotiations with the Inland Revenue for the approval of the plan, claim back from the Revenue various tax reliefs for the plan, and will eventually administer the benefits on retirement at age 60.

CHESS

PETERBOROUGH Software are again sponsoring Britain's national club championship for teams of six, where play has reached the quarter-finals. The event is traditionally dominated by Oxbridge and the strongest London clubs. Cambridge University, led by Mestel and Hartston, are the holders, and they will also participate in the European Cup.

Despite England's successes at the chess olympics, our club standards remain far below those of the USSR and West Germany. The Bundesliga is the toughest league in the world, where the top teams are packed with grandmasters and masters.

Recently Bayern Munich met Solingen over eight boards in a match which may well decide the Bundesliga title. The average rating of the 16 players was almost 2,500, while Solingen, who won 5-3, were led by Hubner, Nigel Short and Spassky.

At such levels the chess is highly professional and pre-game homework for likely opponents carries an important role. Solingen took an early, and ultimately decisive, lead with a game which effectively lasted just two (!) moves. Both sides prepared the identical variation, but White researched and analysed to greater effect.

White: R. Lau (Solingen).
Black: G. Hertneck (Bayern Munich).
French Defence (Bundesliga 1987).

1 P-K4, P-K3; 2 P-Q4, P-Q4; 3 N-QB3, P-N5; 4 P-K5, N-K2; 5 P-QR3, BxN ch; 6 PxB, P-QB4; 7 Q-N4, 0-0. More solid than 7...Q-B2; 8 QxNP, R-N1; 9 QxRP, PxP. 8 N-B3, P-B4; 9 PxP en passant, RxP; 10 B-KN5, Q-R4.

The latest idea. Black temporarily sacrifices rook for minor piece, but hopes to catch the white king in the centre. 11 BxR, QxP ch; 12 K-K2, N-N3; 13 R-B1, PxB; 14 P-KR4, N-B3; 15 P-R5, P-K4; 16 Q-N3, PK5; 17 PxN, PxN ch; 18 K-Q1, B-B4.

Only now does the game really start. The players have followed Hellers - Arencibia, junior world championship 1986, where 18...QxQP ch ? 19 B-Q3, B-B4; 20 R-R4! with the idea B-K5; 21 Q-B7, RPxP; 22 R-R7, quickly won for White.

The junior world game was analysed in the Yugoslav Chess Informant where Arencibia, who won the championship despite his loss to Hellers, proposed B-B4 as an improvement.

19 RxP, QxQP ch; 20 B-Q3, N-K4; 21 R-R4, B-N5.

So far Arencibia's analysis, based on the remarkable line 22 R-R8 ch, KxR; 23 Q-R4 ch, K-N1; 24 Q-R7 ch, K-B1; 25 P-N7 ch, K-K2; 26 P=Q ch, K-Q3 when White has two queens on the board but is lost: 27 QxR, PxP ch; 28 K-Q2, N-B5 ch; 29 K-K1, P=Q ch; 30 B-B1, Q-Q7 mate.

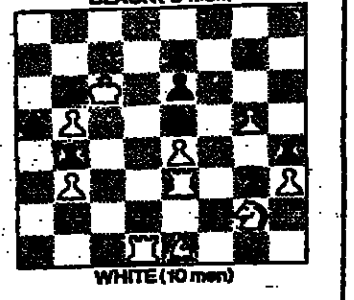
22 PxP!

Probably the move which won the Bundesliga title. If now 22...BxP ch; 23 K-K1, NxB ch; 24 PxN, R-K1 ch; 25 K-B1, QxQP ch; 26 K-N1, Q-K7; 27 P-N7, Q-K8 ch; 28 K-R2! White's attack comes first. 22... NxB; 23 R-R8 ch, Resigns.

For White wins by K-N2; 24 Q-B7 ch, KxP; 25 Q-R7 ch, K-N4; 26 Q-N7 ch, K-B4; 27 QxB ch. A brief but dramatic encounter.

PROBLEM No 672

BLACK (9 men)



WHITE (10 men)

White mates in three moves, against any defence (by V. Blucher). Black has only one legal move, P-N3, so this puzzle ought to be easy, with B-Q2-B1-N2 an obvious try. However, many have found the answer a stiff test of imagination.

Solution, Page XVII

Leonard Barden

Teresa Hunter spots a trend towards housing supermarkets

The one-stop homes shop

BY THE turn of the decade, Britain's estate agency business is likely to be dominated by five or six major networks which intend to become the Tesco, Safeway and Sainsbury's of the financial services world.

Although the concept of financial supermarkets has largely been discredited, changes in traditional conveyancing practices make moves towards one-stop house purchase centres seem inevitable. Colin Finch, the deputy chairman of Hambro Countrywide, says: "The sale of a house triggers off all other financial transactions. It gives you a seed core of business and an excellent opportunity to market and sell other financial services."

Over the past two years, operations like Hambros Bank, the Prudential, the Nationwide and Halifax building societies and Lloyds Bank have in a concerted effort to create national chains, been buying up the country's 14,000 estate agents owned by 11,500 different firms.

None has yet achieved blanket coverage but Hambro Countrywide (with more than 400 offices) and Prudential Property Services (not far behind) are almost there.

The Prudential is being forced to diversify its customer base by the decline in importance of industrial insurance, where agents collect premiums on the doorstep.

During the reform of the UK securities industry, Hambros Bank decided against market-making in favour of competing aggressively in personal financial services. Having sold its holdings in its insurance company, Hambro Life, to Charterhouse J. Rothschild in 1984, it is seeking through the estate agents to create a new customer portfolio.

Other institutions like the Halifax are buying estate agents as a defensive measure aimed at protecting mainstream mortgage business. About half its 2,500 existing agencies are estate agents which are increasingly falling into the hands of competitors.

So, in the next few years we can expect to see a handful of major chains dominating estate agents, surrounded by a smattering of independents.

In the same way that we choose a supermarket in preference to a corner shop, such chains will bring enormous advantages to the customer with a keenly-priced, high-quality service in keeping with the reputation of the institutions involved.

If, as many predict, they either employ or seek arrangements with licensed conveyancers, who arrive on the scene this month, they will offer a one-stop facility; while their financial muscle allows them to initiate and develop functions beyond the scope of regional firms, such as chain-breaking and mortgage guarantees. Ultimately, they will offer a strongly-branded service across the country so the customer knows what to expect before entering. And they will be able to offer national promotion of a property.

Peter Constable, chiek executive of Black Horse Agencies, "Customers like to know what's on offer before they go shopping. When they walk into one of our offices, wherever it is, they will be able to know the price is keen and the service is fast and efficient."

However, simplifying the house purchase process is not the sole motive for acquiring the agencies. The offices will provide a high street presence and customer base for promoting a range of financial products.

Derek Taylor, Halifax estate agency general manager, says: "We are developing a lot of products as a result of the new legislation, and we felt we had to get hold of the point of sale."

Yet, there are dangers inherent in allowing a few major lending institutions to dominate high street retailing of financial services. A restriction on the choice of products available most easily to the consumer could follow. The Financial Services Act will shortly force institutions to decide whether to sell only their own financial products, or to give impartial financial advice.

While a straightforward repayment mortgage is outside the legislation's jurisdiction, any endowment or pension policy used to repay a loan comes within its ambit. A company using the estate agents to promote its products will be able to broke the loan independently, but sell only its own financial services.

It is conceivable that such streamlining could be taken a step further, with Halifax estate agents offering only Halifax loans.

Taylor argues: "At the moment, we couldn't cope with all the mortgage business. We simply wouldn't want it. But if we did see a rundown in the quality of business we were receiving through our other agents, we might begin pushing our mortgages."

The Prudential has already taken a decision to become a dedicated consultant. Marketing director Peter Elford explains: "We will give independent advice on mortgages but we want to sell Prudential investment products. The customer will be offered a quote, but it will be up to him to take it or leave it."

The Halifax intends initially to offer independent advice while other institutions, like Hambro Countrywide, have not yet taken a decision. If a majority become independent advisers, can we then be sure that customers' interests are safe ?

Elford believes so: "This business is highly competitive and consumer-led. The new competition can only improve the service. And there will always be small independents trying to undercut the large networks."

Solicitor Michael Simmons, of Malkin Cullis Sumption, disagrees: "I believe that in five years' time the Government and OFT will realise what a monster they have created, and set about unravelling it all."

In America, where the house purchase process is dominated by a handful of financial institutions—solicitors having been squeezed out completely—the cost of moving home is about 6 per cent; double that of the UK.

• FINANCE & THE FAMILY •

Dividend retained

On April 25 you published a letter from an investor seeking your advice as to whether or not he was entitled to the dividend following a part-sale of his Frogmore Estates. I think your answer is misleading and I am not convinced it is correct. As his broker advised him, the practice of displaying the term "xd" on a contract seems to be disappearing, but whether or not it is shown bears no relation to the subsequent payment. Your reply seems to suggest that when the investor telephoned on March 18 he had the choice of selling his shares cum or xd on that date and that *he should have advised his* broker accordingly; such a choice cannot arise. The only issue here, quite simply, is whether or not the price was xd at 248p when he sold and since the stock went xd on March 9 the answer is clear: this investor is entitled to retain the dividend.

We read the brokers' reply as indicating that he had not sold "ex" and that the dividend should not be kept by the seller. Hence the words in brackets in our reply. We agree that if the brokers meant to say that the seller of any shares sold is entitled to keep the dividend, that would have been satisfactory: but if that was what was meant all that was required was to state that the sale was in fact ex dividend and that the client could retain the dividend. Your observation is, of course, correct.

Letters not answered

I purchased a small newsagents shop in May 1983 in partnership with a friend.

In January 1986 my friend left the partnership owing to poor health, and I purchased his share of the business.

I asked the solicitor who dealt with the original purchase *to handle the necessary* documentation, photocopy enclosed, although her office is 50 miles away. I paid her in full when she sent me the invoice in March 1986.

To help buy my partner's share of the business I had an overdraft from the Midland Bank, secured against the property. Last week the bank contacted me to say that they had written five times to her, *but she has not replied to any* of their letters.

Mercantile Credit Company contacted me a month ago, and said that the loan has not been transferred to my sole name because she will not reply to their solicitor's letters.

I have written to her once, and telephoned three times: her secretary says she will telephone me later.

Also I appointed her as my executrix. Could you advise me what to do?

We suggest that you send by recorded delivery service a letter telling the solicitor that you propose to refer the matter to the Solicitors Complaints Bureau unless she deals with the outstanding matters forthwith and confirms that she has done so by return of post. You may wish to execute a codicil to your will appointing a different executor.

Adverts to ignore

At the moment there are a number of advertisements pertaining to Investment and Insurance Bonds. What are these bonds?

Are there any great tax advantages investing in these bonds rather than directly into unit trusts?

These so-called bonds are generally single-premium life assurance policies (or contracts for annuities). Their drawbacks have produced many letters to our Briefcase column over the years, from disappointed readers who did not fully understand what they were being offered. Unless you can find a truly independent adviser, you will probably do best to ignore advertisements — particularly those with small print—at least until the Securities and Investments Board has been in full operation for a year or so.

Freehold reversion

I recently purchased a new *property from the developer*, with 114 years of a 125 year lease remaining. I have additionally completed the purchase of the freehold reversion from the freeholder. The one remaining interest, however, being that of the developer, subsists. He presently declines to sell *this* leasehold interest. Can I force him to sell? If he does eventually sell, will the leasehold and freehold titles then merge?

1. No: as you have already purchased the freehold you will not be able to wait to qualify *under the Leasehold Reform* Act 1967 and then insist on purchasing the freehold and the intermediate leasehold.

2. It will be up to you whether to merge the titles or keep them separate.

No right to close road

Gwent County Council own two school sites which are separated by a public road. One of the schools has been demolished and they propose to use the site for a new junior and infants' school When this is completed the *existing infants'* school *on* the opposite side of the road will be demolished and the site used for play areas and parking.

My query is whether the council have the right to close a road which has provided unfettered access for *vehicles and pedestrians along* its whole length for a period of something like 100 years.

The council does not have a right to close the road. It can only do so by obtaining a stopping-up order in the magistrate's court, so that the matter falls within the justices' discretion. Members of the public who use the way have a right to be heard at the court hearing. Alternatively the Secretary of State for the Environment may order a stopping up to enable development to be carried out under planning permission which has been granted. Again you have a right to make representations against the proposed order (the proposals must be advertised).

• BRIEFCASE •

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Supermarket etiquette

Sometimes in an overcrowded supermarket, when the queues *waiting* to pay are forbidding, I decide to put my intended purchases in an inconspicuous corner and leave without them. Am I obliged to return individual items to the shelves or can I leave them as they are in the basket?

We think that you are not *obliged* to *return the items* to the shelves, though it would be considerate if you were to do so.

Post-dated cheques

As I am often away from home I have a practice of sending a post-dated cheque in settlement of my credit card account.

Although my payment slip is marked to the effect that I am enclosing a post-dated cheque the credit card company says it is too busy to examine cheques for payment dates and that, likewise, the bank feels that it is too onerous a task to identify the payment dates on cheques.

As both of the organisations concerned have as their main activity the receipt of payment of monies I would have thought that the directors and managers would have *provided the resources and* the management control to ensure that their staff did not develop the attitude that was too much trouble to do their job properly.

I am sure that some people would be inclined to the view that the close relationship between the bank and the credit card activity may well be the reason for their attitudes. I am sure that a business that can get its *hands on money prior to* the date when payment is due and then to lend the money at the rate of 24 per cent per annum is not on a *bad wicket*; coupled with the fact that you can then reduce the running balance in a person's account and *so* increase their bank charges. That is known as having butter on *both sides of* the bread. All banks operate a direct debit system and I would have thought that this service would have been *available to people wishing to* settle their credit card account in full and on the due date.

Is the bank correct in taking the view that it is entitled to ignore the payment date on the cheque?

As a matter of strict law the bank should not ignore the date on a cheque. We think that you may care to raise the matter with the Banking Ombudsman: Citadel House, 5-11 Fetter Lane, *London* EC4A 1BR.

No need to worry

I am 51 and am likely to be offered early retirement on a very small pension. I do however have a relatively large capital sum invested in equities. Would the Inland Revenue tax any *capital gains* in the future as income on the gains that such gains would be my main source of financial survival? It could be argued that such *share dealing* constituted *my* livelihood, and if successful *it* would be true of course!

No, there is no need to worry.

BRIDGE

THE SECOND article I wrote for this paper many years ago was entitled Making All The Trumps. I gave this name to a particular technique which seems to be a blind spot, even with seasoned campaigners. Look first at this deal from rubber bridge:

N
♠ A 7 6 2
♡ 7 4
◇ J 8
♣ A J 8 7 2

W
♠ Q J 10 9
♡ J 8 5 3
◇ Q 7 6
♣ Q 9

E
♠ K 8 4 3
♡ 2
◇ K 10 9 3 2
♣ K 10 3

S
♠ 5
♡ A K Q 10 9 6
◇ A 5 4
♣ 6 5 4

At game-all, South dealt and *bid one heart. North said two* clubs and *raised* the opener's rebid of three hearts to four. West led the queen of spades.

Winning this on the table, the declarer returned the eight of diamonds and lost to the nine. He took the heart return with his ace, cashed the diamond ace, and ruffed a diamond with dummy's last trump.

Crossing to hand with a spade ruff, he cashed the king of hearts and learned the bad news—West had a trump trick. He now led a club, on which West cleverly played his queen, took with dummy's ace, ruffed another spade, and exited with a *club. East made two tricks in* the suit and the knave of hearts was the setting trick.

South failed to do his home*work. Three aces and a diamond* ruff provide four tricks — the declarer must, therefore, make sure he scores all his six trumps. At trick two he leads a spade from dummy and ruffs in hand; *then* he ducks a diamond. He wins the trump return, cashes the ace of diamonds, ruffs a *diamond, ruffs another spade,* and cashes the king of hearts.

He has made seven of the first eight tricks. He crosses to the ace of clubs, ruffs another spade with his 10 of hearts, and the queen of trumps is his 10th trick.

Let us carry this a stage further:

N
♠ A 9 7 3
♡ 7 5 2
◇ A K 10 6 2
♣ 3

W
♠ K Q 10 8 6
♡ 10 9 8 6
◇ J 9 4
♣ 2

E
♠ 5 4
♡ J 4 3
◇ Q 5 2
♣ 10 8 7 5 4

S
♠ J 2
♡ A K Q
◇ 8 7
♣ A K Q J 9 6

Sitting South at love-all, I dealt and bid one club. North replied with one diamond and I rebid two hearts. Can you suggest anything better?

North said two spades. I jumped to five clubs and my *partner, realising that my clubs* must be solid, intelligently raised to six clubs.

When West led the king of spades, the hand looked a pianola; but after winning with the ace I cashed ace and king of clubs and West showed out on the second round. My only chance of success was to bring home all my trumps. This meant that East must hold at least three hearts and two diamonds.

Holding my breath, I cashed my three heart honours and East followed to all three. Now came the second moment of truth as I played ace and king of diamonds. Once more, bless him, East followed, and then I played another diamond, which was ruffed in hand. This reduced my trumps to match East's. After that, I cut adrift with my knave of spades, and claimed my slam.

This was not a pure *Making All The Trumps*, nor was it a pure *Trump Coup*, but a cross between the two. Not a difficult hand, but so thrilling—I felt I *was in a Hitchcock film.*

E. P. C. Cotter

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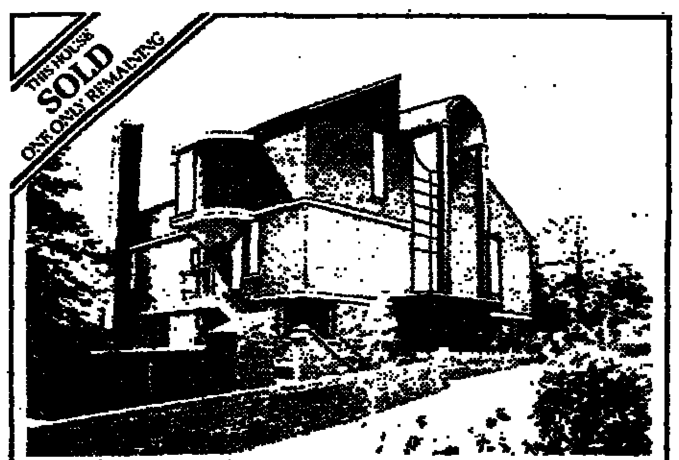
London Property



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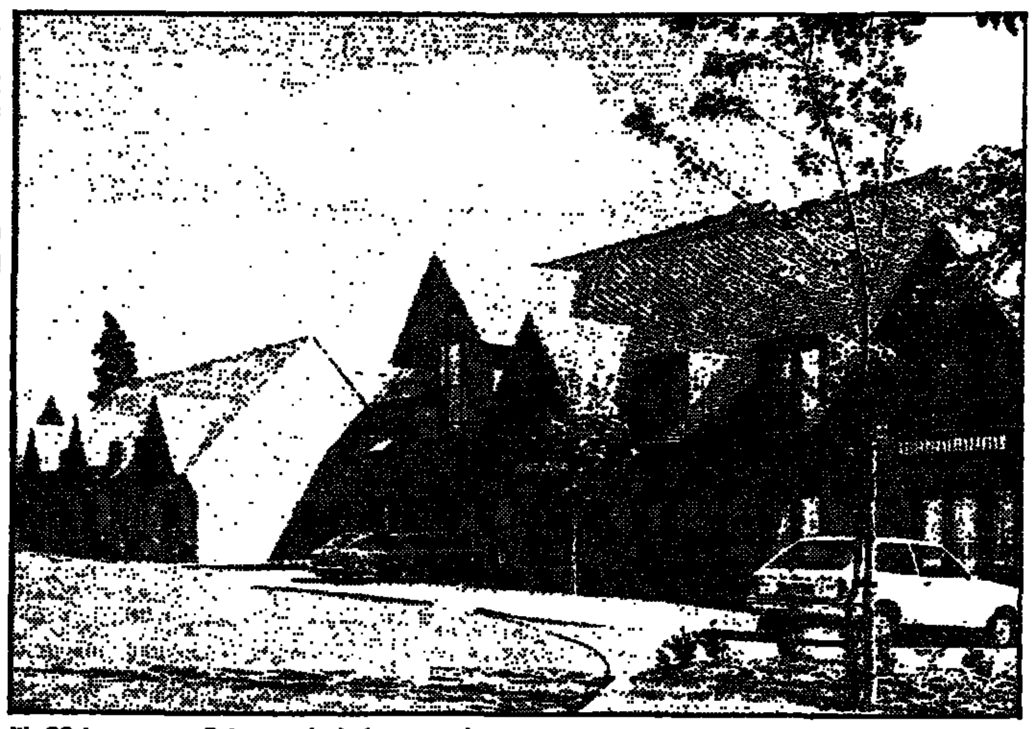


The new Percy Bilton Court almshouse in Heston, Middlesex, with 38 two-person flats, warden's house and community centre

Almshouses—an age old remedy

The current boom in sheltered housing stems from Saxon roots.

John Brennan reports

BARRATT, *English Courtyard* Association and McCarthy & Stone are just a few of the developers riding the crest of the retirement boom by providing the elderly with sheltered accommodation—but they were not the first operators on the scene, having been pipped a mere 1,000 years ago by King Athelstan.

It was the Saxon monarch's idea of financing the construction and maintenance of groups of individual homes for the elderly—now known as almshouses—which inspire today's commercial developers and local authorities' efforts at "sheltered housing."

King Athelstan, so the story goes, stopped off at York on his way to sort out the Scots in 986AD. Not liking what he saw of the plight of the old people there, he promised that if he beat the Scots, he would donate land and income to endow some dwellings for York's poor. Athelstan was victorious, and as good as his word.

His first recorded almshouse was called St Peter's Hospital, which was a "hospital" in the medieval sense of the word, a place of shelter for the unfortunate—only later did the word mean a place for the sick. The foundation became so rich it did not survive Henry VIII's dissolution of the monasteries and today only its ruins remain.

York, however, has a number of more recent foundations which flourish still. Nationally, the almshouse movement is more vigorous than ever, and probably accommodates more people than ever.

Today, there is an almshouse in almost every British town of any size, yet because the movement is dedicated to giving people a quiet life, few outsiders know what an almshouse is. "An old folk's home?" is the most common guess, and that's right as far as it goes. A more precise definition, that of David Scott, director of the National Association of Almshouses, is: "Dwellings established in perpetuity for the use of needy local people by an individual's gift of land, buildings or cash."

Typically, almshouse dwellings are in groups, but each habitation is separate, with its own front door, so offering a mixture of independence and neighbourliness. In many settlements there may be a resident superintendent, and even further in the background, the trustees, who arrange financial matters and admissions.

Almsmen and women don't buy their homes as in commercial developments, but they do pay a contribution to running costs; if, as often happens, a resident is living on supplementary benefit, he or she may make contribution through an arrangement with the DHSS, the level being set by the Charity Commission in line with the income of the almshouse's endowment.

This mixture of independence, neighbourliness and kindness is as compelling now as in Athelstan's day. There are close to 1,750 charities in membership of the NAA, administering nearly 2,300 groups of almshouses—some 27,000 dwellings housing more than 30,000 people, mostly elderly.

PERHAPS THE best-known almshouse is fictional—"Hiram's Hospital," the setting for Trollope's novel *The Warden*, televised some years ago under the title of *The Barchester Chronicles*. In the novel, the almsmen start off as "superannuated woolcarders" in the Middle Ages; as woolcarding and woolcarders died out, they're succeeded by "worn-out gardeners, decrepit gravediggers or octogenarian gravediggers." Today, a more likely list would include anybody from retired generals to pensioned-off royal retainers.

Unlike much council-owned sheltered accommodation, there's usually no waiting list. Vacancies may arise when residents become infirm and need constant care, which not all almshouses can provide; places are then advertised and go to whoever the trustees think is the neediest case on hand.

One important qualification in these small societies, of course, is the ability to get along with the neighbours. There is one almshouse within walking distance of the *Financial Times* offices over Blackfriars' Bridge in Southwark whose records for 1827 recall complaints "of the drunken and disorderly conduct of the wife of Heather, one of the almsmen; their constant strife and the filth and destitution they are kept in by her plundering or pawning any apparel or furniture within her reach." Talking to the oldest inhabitant of the same almshouse recently—she was 96 in May—it seems things are better ordered these days, although asked if she had any problems, she pointed to a neighbour's cottage, and said "Sometimes that one over there gets on my nerves, jawing. You can't get a word in edgeways."

At 1,001 years of age, the almshouse movement itself has a couple of things that get on its nerves. In recent years, members have been able to build or improve at least 1,000 dwellings a year; this is now down to 750, the Housing Corporation having cut its support by two-thirds to about £3m over the last three years.

"Independence" being a key word in the almshouse lexicon, the movement is responding with a vigorous Almshouse Rescue Fund Campaign, and has recently announced it has raised over £330,000 of its £500,000 target. It's also trying to raise funds in the market, and although few foundations are sufficiently flush to pay market rates, the Nationwide and the Halifax building societies are for example financing a renovation at Guildford and two new settlements at Derby and Norwich.

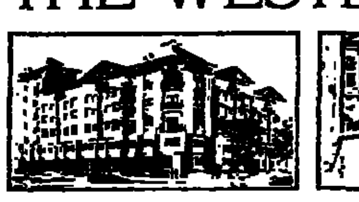
Meanwhile, what about the benefactors? That, too, is a sore point with David Scott. People still leave money to endow almshouses. However, their wishes are often frustrated by the inexperience or sloth of executors, whose prevarication—40 years is not unknown—can lead to land or building costs outstripping the available cash.

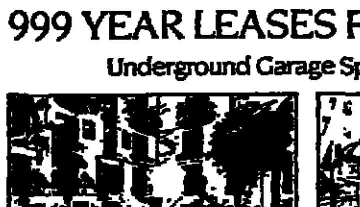
"All over the country there are small amounts of money, £50,000 or so at a time, just sitting about doing nothing. I could scream," says Scott.

Far better, adds Scott, a former director of the Temperance Building Society, to leave the money to the NAA, together with reasonable latitude as to its use. In this way, the money could be put quickly to use, perhaps by pooling several small bequests to build almshouses in areas of greatest need.

Oddly enough, if kings don't seem to endow almshouses any more, property developers do. A 1,000 years after Athelstan, the newest almshouse opened in London's Hounslow only a few months ago. It is Percy Bilton Court, endowed in memory of the late developer of the same name.

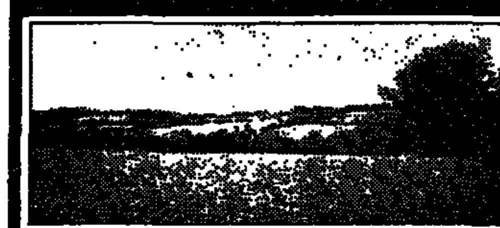
The National Association of Almshouses, Billingbear Lodge Wokingham, Berkshire. Tel: Bracknell (0344) 52922.

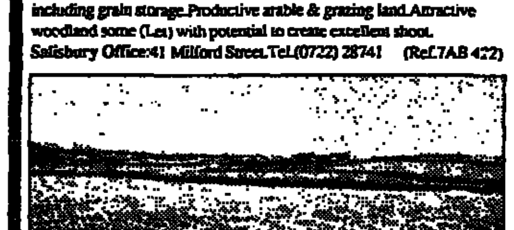


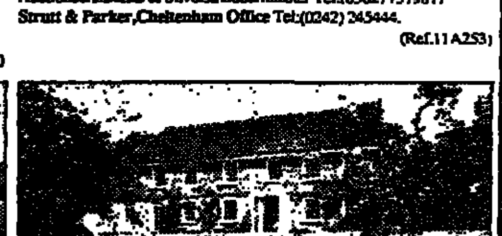


Rentals

Country Property







John Brennan reports on a small-scale house converter who has risen to become head of Kentish Homes

The DIY developer who built to the top

TEN YEARS ago, Keith Preston was doing what thousands of other small-time residential developers still do—and what tens of thousands of people, who have seen the prices of houses and flats take-off like a Harrier jump jet, would like to have a shot at. He was buying houses in the deepest recesses of the East End of London for £5,000, spending £1,200 on them, and selling the conversions for £7,000.

The figures sound as if they come from another era. But allow for inflation, and the equation stays the same. So, too, does the enthusiasm for this kind of hand-to-mouth conversion business.

Outside the ultra-prime—and so *ultra-expensive—parts of* central London, and in inner cities around the country, there are plenty of do-it-yourself developers. They are leaning on the banks' willingness to lend against rising property values and dreaming of the day when they can direct their business from the car 'phone, leaving others to get emulsion in their hair and deal with the cash-only plumbers.

Preston is one who did just that. He is a house-by-house developer who did get away, graded up to bigger conversions and now runs Kentish Homes, the ailing housebuilding group that he came in to manage six years ago, and which he and his wife, Kay, took over just a couple of years ago.

Kentish Homes is being brought to the market by Robert Fleming in a few weeks time. In itself, there is nothing out of the ordinary about placing a quarter of the shares, giving the group a market capitalisation of around £25m. As Preston says, the flotation is for all the usual reasons. "It should make financing a lot easier and, as we get involved in larger and larger developments, it does help in dealing with site owners—it gives us a better profile all round."

What is interesting is how Preston, who trained as a surveyor and worked for a time in an architect's office ("I suppose I am really a frustrated architect") managed to make the move from "doing all the bits and pieces that we could pick up" to having a fair claim to be a hero of the Yuppie classes.

He would hate that title ("I do not know what a Yuppie is. We think in terms of people in need of a home now that there is no rental accommodation") but it is an involuntary award thanks to the way Kentish Homes' new flats and houses at Watermint Quay in Hackney, and Cascades, its beached ocean liner of an apartment block on the Isle of Dogs, both married Preston's *marketing style and the BMW-*friendly architecture of the Campbell Zogolovitch Wilkinson and Gough (CZWG) partnership to draw queues of young, heavy-borrowing buyers into London's East End.

The pre-selling of all 164 *apartments* in Cascades has been the most-heavily publicised example of Preston's market-led approach to developments. But it is illustrated even more clearly by the way in which he took a faded, unused piano factory facing a block of council flats off the Essex Road, N1, and, with a courtyard conversion, a blaze of primary colours, and a sales campaign that put the renamed "ivories" into prime space in the Sunday colour supplements, brought to an otherwise undistinguished secondary property all the hype of a new car launch.

And that, of course, is one reason he is not back there converting his way along the street property by property. "We are totally marketing-led. We've always sold our properties by starting out thinking how we can design a property that suits that particular site, and how we can sell it."

Work on the design of Cascades enabled Kentish Homes to make sense of £1m an acre site costs, and a £22m construction bill, by getting a density of 200 rooms an acre into the scheme against the 125 that had been the basis for other developers' calculations investing £300,000 in marketing the scheme and selling flats in phases, so that people are moving in before the whole building is completed, made sure of enough pre-sales to cut Preston's financing costs significantly.

He says: "We looked at the way developments of this kind are dealt with in the US and in Canada, saw how they did it, and adapted some of those ideas to this site." As for financing of the deal," he adds: "Perhaps the reason we have moved on to bigger and bigger schemes is that we have always been absolutely professional about everything we have done. I have complete cash flows for every project from the very start, and we've always paid a lot of attention to the details."

Burrells Wharf is Kentish Homes next and far larger scheme, with 300 houses and 50,000 sq ft of mixed commercial space further east on a £1.75m an acre site on the Isle of Dogs' river front. There, Preston is following the example of P&O Bovis at Chelsea Harbour—not in the design, but in the pre-design research.

Much of the success of Chelsea Harbour as a residential sell-out, and as a magnet for the kind of high-fashion "studio"-using businesses that help to fill the wine bars and keep Golf GTi salesmen smiling, can be traced back to P&O's decision to commission the consultancy team at Jones Lang Wootton to research the market before deciding on the size, shape and price.

Preston is involved in a similar exercise at the £60m Burrells Wharf project. "We're doing market research, asking people what they would want to buy, what they'd like to see on this site. We test our ideas, and test the image of the scheme."

Preston has applied the kind of product branding to property for which Honor Chapman, the partner in charge of the consultancy operations at JLW, argued in a recent speech at the annual conference of the British Property Federation. There, she talked of the development industry's need to look at property schemes less as producers and more as marketeers; to borrow from other manufactures the principles that lead to "... offering products across a wide cross-section, in different styles for different people; targeting the advertising; branding the buildings; varying the colour and trim; branding the developers; letting people know what they can expect from individual companies and individul model lines."

Keith Preston, Managing Director of the Kentish Group

That is exactly what Preston has been doing in Docklands and in the East End for the past few years, and, despite talk of the area being oversold, he still sees plenty of scope in and around it.

He says: "There is still so *much potential.* There is a worldwide trend for people to move back into the inner cities and to watersides. It is more expensive to buy in parts of Hackney now than in the suburbs, as people don't want all the trouble of travelling into *work. Tower Hamlets* as a borough is a rising star."

He was drawn to the East End originally by the low-cost properties and the buying demand from first-timers who didn't have an option to rent. As for the *six-figure* luxury apartments: "There is a clear market for luxury homes on the Isle of Dogs. At the moment, few of the people who have bought there also work there.

"For them, it has been an act of faith; but as the light railway is completed and as the office buildings being completed on the Isle of Dogs start to fill over the next 18 months, the whole area will become much more sought-after. You have seen a similar process in Boston and Baltimore. Once the commercial space follows the residential, the whole area gets a lift."

Preston has run into his share of local political opposition to his developments. "There is resistance in Hackney, in particular, where the industry has left and where you won't get *it back by building more empty* factories. As a developer, I have to say they are mad to object to developments that bring in people, bring in more rate income, bring investment to an area that will, in its turn, bring in new jobs.

"You can understand their feeling and sympathise that the old jobs there have gone, but it is not going to bring them back by defending every old factory to the hilt. You have to be pragmatic."

History for sale

SUTTON Manor Estate, at Sutton Scotney, is one of the largest vacant-possession working farms and sporting estates to come onto the market in Hampshire in recent years. The 2,000 acres of productive Grade III land form part of the sizable slice of the county that Lord Rank bought in the 1930s. His grandchildren are now selling the estate through Savills (01-499 8644), where Robert Ross is looking for offers on a lock stock and barrel basis of around £5m—or £2,250 an acre.

That price for Grade III land sounds steep. But it is a well-worked farm, the drainage is good—since the land is over chalk—and it is certified weed-free for a range of high-value crops, from contract-grown peas to malting barley and milling wheat.

Net income around £100 an acre would give a return of just over 4.4 per cent at the asking price, and that excludes the pheasants.

***The eight-bedroom principal* house has been used by the Rank family mainly as a shooting lodge since the main house was sold away from the estate some years ago. Sutton Manor House, a Queen Anne mansion in 44 acres, was resold two years ago for just under £1m.**

Without that, and as the estate is just six miles off the M3 and no more than an hour's drive from London, it is an ideal site for a modern major country house.

●

OVER THE past three or four years, the Harry Neal Group has had plenty of signposts in the sky on tower cranes above residential and mixed-use developments throughout London. This family-run construction and development group has, however, been around for a lot longer than that. Its latest refurbishment is on a Knightsbridge apartment block that the company built in 1937 and has owned ever since. No. 7, Princess Gate, SW7, is a baton's throw across Exhibition Road to the Albert Hall, faces out onto Hyde Park in front, and has more than 1.5 acres of communal gardens at the back. It has been let on short tenancies in recent years, but the 28 three- and *four-bedroom apartments, and* two new penthouses on top, are now being sold on 74-year leases (through Knight Frank & Rutley, 01-824 8171) for £725,000 and up.

J.B.

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David Beard explores the delights of the Lizard, Cornwall, with its ancient sites and quiet, secluded lanes.

The surprisingly spacious St Keverne village, Cornwall

No downs in Goonhilly

THE MAIN road to Penzance and Land's End runs, thank God, a good 18 miles to the north of the Lizard, and even those who foreswear the dubious delights of the A30 for the minor lanes seldom take the left turn at Helston on to this most Cornish of peninsulas.

When they do, they usually make a straight run for Lizard Point to add England's most southerly location to their collection, before doubling back to Land's End, its most westerly one. There is little to be said for the car parks and ice-cream salesmen of either.

Yet to the west of the Lizard road, across the damp turf of Goonhilly Downs, lies the hidden, haunted world of the Lizard proper, alive with the ghosts of prehistory. At every crossroads is an ancient dolmen or tomb, on every promontory a Celtic cliff castle.

Goonhilly Downs is neither hilly, down, nor for that matter up. It is the most completely flat stretch of wet grassland in Britain: an uninhabited table top, pock-marked with tumuli, hut circles and standing stones. To the ancients it must have been as busy as Piccadilly Circus.

Today it is littered with placenames where the places have themselves long disappeared, and all that moves are the giant dishes of the space tracking station, set down with bureaucratic imagination smack in the middle of a prehistoric burial ground.

As for those massive standing stones, there is a well-worn Cornish legend that the locals love to feed the ingenuous visitor—they were the parting shot the local saint St Keverne hurled at his neighbour St Just, after some long-forgotten domestic spat.

And it is St Keverne, the village named after him, which must be the centre for any detailed exploration of the Lizard's secrets, ideally on foot, occasionally by car.

The first surprise is the village square, of a size and proportion more fitting to France than to this minute Cornish backwater, flanked by two substantial pubs, and with an elegant church whose tower has stood as a navigation mark since the 15th century.

Two hundred feet above and a safe mile inland from the treacherous Manacles, the most feared rocks on the coast, St Keverne churchyard tells the story of the rocks in stark relief. In the peace of the sub-tropical gardens lie the bodies of 400 victims of the sea, 200 of them from just two wrecks.

Some outlived Sir John Moore and the battle of Corunna, only to drown when the Manacles took the sweetly-named Primrose to the bottom in ten minutes. Others died just as their emigrant voyage to a new life started; still others trying to save the victims.

Until recently, when the number of lifeboats was reduced, the farming and fishing families of the Lizard manned vessels at dreadful cost to themselves each time the maroon went up.

Walk the coast from St Keverne, through Coverack to the hamlet of Cadgwith, on a windy day, and you will get some idea of what it was like. The sea can throw great chunks of grey water at the cliffs, and curl the spray above them. In the frequent winter storms, nothing can live with it.

On a good day, though, the six mile hike will give you about the best sea scenery in the Duchy. Coverack is the Cornish picture postcard village, all whitewash and thatch, with a small harbour and lifeboat station. As such it has two slight drawbacks.

First, the coach firms have it on their itinerary, though the passengers seldom stay long. More seriously, it suffers overmuch from emmets (which is Cornish for ants)—that curious swarm which crosses the Tamar into Cornwall to buy up pretty cottages as holiday or retirement homes. As they contribute little to the community emmet is not a nice word.

It is unlikely, though, that the emmets will follow you up the cliff path to Black Head and on to Cadgwith, a tiny haven clinging to the rocks, just below Enys Head, with a head-swimming approach along the cliffs which is not for the faint-hearted.

North from St Keverne, towards Manaccan and the Helford River, the walking is easier, through soft, rounded country, along lanes seldom touched by as much as a motor-car, and scented like a good restaurant kitchen with herbs and wild garlic.

At Manaccan there is the New Inn where you can eat well, while at Helford there is the award-winning Riverside, a restaurant with rooms, where you can eat even better and sleep in luxury—a rare feat in most of the rest of the county.

If you can't afford the Riverside—only open during the season—settle for a cream tea overlooking the quiet of the Helford River. Helford is where the Lizard stops, however.

The accents here are pure Knightsbridge, such is the influence of the cosmopolitan boating fraternity—just as those on Cornwall's eastern frontier are often pure Eastbourne. But close your ears to the accents and you can still open your eyes to the countryside and your imagination to Frenchman's Creek and the romantic nonsense of countless historical novels. This is their setting.

For me, I prefer Goonhilly, its graves, Celtic crosses, and silence, where the Cornishman's ancestors lived before being driven out by an earlier race of emmets from the East.

● Travel information: British Rail to Redruth. Then by cab to St Keverne. Local bus services, where available, run very infrequently. By car, the A30 to Camborne and B3303 towards Helston, taking the turn left past Culdrose Naval Air Station to St Keverne.

Book late for a bargain

IF YOU have still to book your summer package holiday, then hang on — there are plenty of holidays for sale and the later you leave it the more likely you are to get a bargain.

That, at least, seems the underlying message from Britain's tour operators and travel agents this week. Although they stress that the later booking is left the less choice there will be, there is no doubt that there are still too many holidays chasing too few holidaymakers this summer.

Following last year's record year for the travel trade, the major tour operators all decided that they could do even better this summer. The combined result was a 25 per cent increase in the number of holidays being offered for sale.

Even with the continued buoyancy of consumer spending, market demand for holidays is still only running about 15 per cent ahead of last year, which clearly spells good news for the holidaymaker but has potentially disastrous implications for the operators.

"We're happy with our position this summer—we've got a 25 per cent increase in volume," maintains Peter Woodward, deputy chairman of the International Leisure Group, whose main holiday company is Intasun. "But there's no doubt that there are going to be some discounts around in particular weeks this summer."

The key to the size of these discounts rests with the estimated 3m or so holidaymakers who have still to book their holidays.

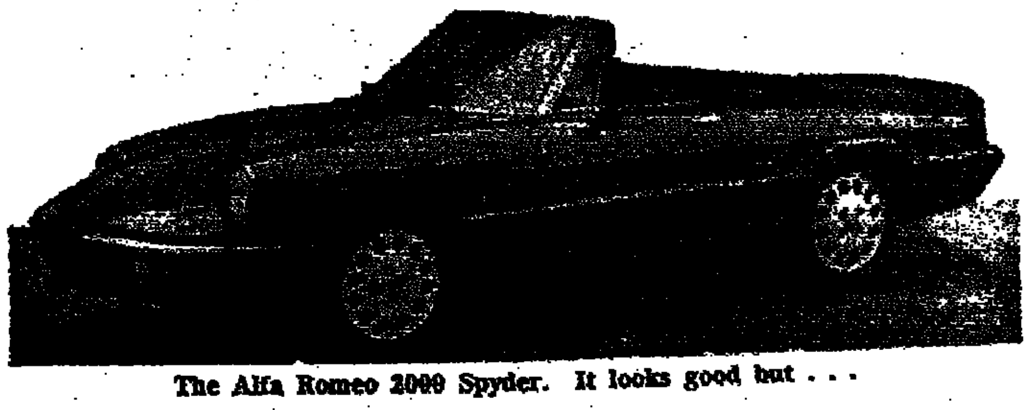
Cosmos has cut prices on Cyprus holidays by up to £90 because of a slump in bookings. Enterprise, part of British Airways Holidays, is offering a seven-night Algarve apartment holiday for just £53 per person.

Travel agents are also discounting holidays to boost sales. "We have over 60,000 special offers on-line in our computers," reports Chris Watson, managing director of Pickfords Travel.

Roger Peverett, marketing director of Lunn Poly, points out that the best prices to be had are usually available some two or three weeks before departure. "If people don't care which airport they leave from and which resort they are going to, then there will be plenty of bargains on offer," he says.

Lunn Poly has installed a special "bargainline" telephone service with the latest discounts on offer. (The number is 0898 121088 for southern departures and 0898 121089 for northern ones).

David Churchill



The Alfa Romeo 2000 Spyder. It looks good but . . .

Shake, scuttle and roll

NEVER TRUST nostalgia. It is the sneakiest, most deceitful of emotions.

When I knew an Alfa Romeo 2000 Spyder was on its way to me from Bell and Covill Classics, the weather was set fair. I looked forward to a week of sun, fresh air and magical motoring.

I should have known better. Like the secluded honeymoon hotel one revisits for the first time when the family has grown up, only to find it hemmed in by tower blocks, the Alfa Romeo Spyder disappointed.

It looked beautiful, a real head-turner, whether you are on the *Promenade des Anglais* or in Park Lane. Blood red, low slung and with just two bucket seats. I slid eagerly behind the wheel, wincing only slightly as I scraped my back on the projecting rear edge of the door opening.

As I headed for Ashdown Forest, it took me ten minutes to appreciate just how far car design has progressed in the 21 years since the Spyder first saw light of day. For a start, the driving position for anyone over 5 ft 9 ins (175 cms) is awful. My long legs tangled with the steering wheel and the top row of instruments were invisible behind the rim.

The steering is heavy, the gearshift smooth but odd—the lever is nearly horizontal and you move the knob up and down, not to and fro. The pedal positions are not too bad but the body has all the rigidity of an unset fruit jelly. On billiard-table roads, all is well. On poorly surfaced ones—and there are plenty of those in my part of the world—the dials dissolve into a blur and the fascia shivers from side to side.

In traditional motorspeak they call it scuttle shake; the scuttle was the top part of the bulkhead between engine and interior. I had forgotten how bad it could be. Modern soft-tops like the VW Golf, Ford Escort, Peugeot 205 and especially BMW 325 do not have it. Hitting a pothole in the Alfa Romeo made me think it was coming apart.

It handles well enough in an old-fashioned way—it has rear wheel drive and a non-independent axle and with 131 bhp from its 2-litre engine it has lively, though no more than that, acceleration. Top speed is said to be around 120 mph (193 km/h). At 80 mph (128 km/h) wind roar is tolerable to an open car buff.

I think anyone attracted by the Spyder's looks should ponder hard before buying. It is not cheap. Bell and Covill buy left-hand cars new in Belgium and convert them expertly to RHD for sale in Britain. The Green Cloverleaf model I tested—the one with the side-skirts and other aerodynamic aids—is around £16,000, on the road, with a radio/stereo. Having the standard one without the add-ons saves about £1,500. To me, it looks much nicer and more like the original Spyder of 1966.

In any case, why bother with aerodynamic aids on a car that is only worth having if you are going to use it with the hood down? Like that, it has the aerodynamic efficiency of a house-brick. No spoiler in the world is going to make any difference.

Anyone just looking for a sporty soft-top will find there are several better and cheaper cars than the Spyder—the Ford XR3i cabriolet at £10,546, Peugeot 205CTi Cabrio (£10,250), Vauxhall Astra convertible (from £9,699) or Golf GTi Cabriolet for £11,949.

If the classic look appeals, and you do not mind too much if it is entirely phoney, the Panther Kallista, with a Ford V6 2.8 litre at £9,850 upwards, seems cheap. I rate it a genuine fun car.

But if you want a proper Alfa Romeo Spyder, just like the one Dustin Hoffman drove in The Graduate, call Bell and Covill at West Horsley, Surrey (04865 4671). When you have a trial run, you may think it gets up to 100 mph like greased lightning. Blame the speedometer; it is still in kilometres.

Stuart Marshall

GEARED FOR CHANGE

THERE IS nothing intrinsically good about the manual gearbox.

Automatic transmissions outnumber manual gearboxes in large engined cars in most countries today. They make driving small cars easy, too, but one does notice the power losses of the conventional kind with a hydraulic torque converter in higher fuel consumption.

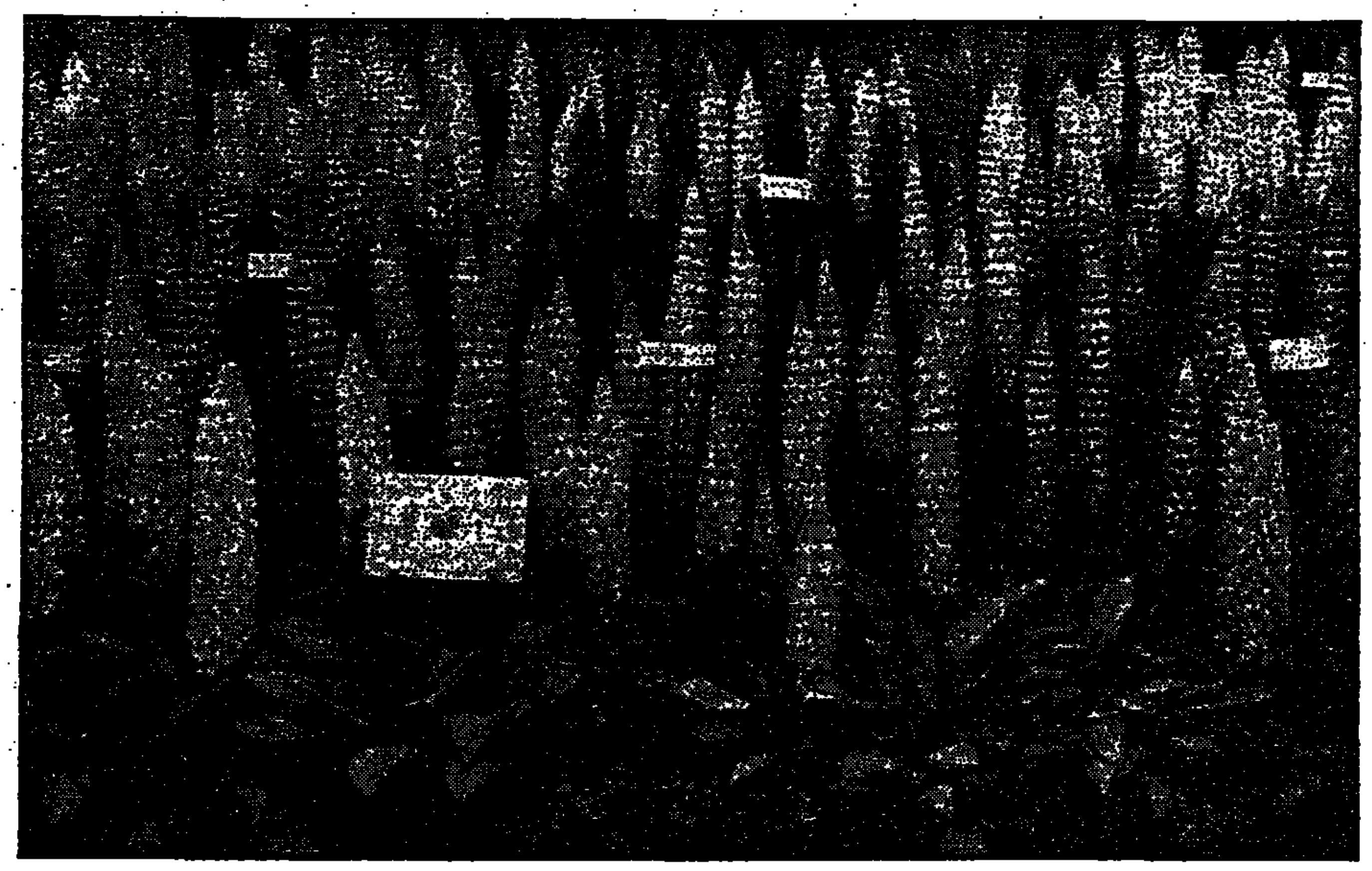
Van Doore (the DAF car) pioneered the all-mechanical, continuously variable transmission which in theory offers the benefits of an automatic—no gears to shift—without higher fuel consumption. It used rubber belts on pulley which changed in diameter according to the speed of the car and the load on the engine.

In its latest form the continuously variable transmission (CVT) has metallic belts and Ford has just beaten Fiat to the punch in getting the first car so equipped on to the market.

I drove the prototype Fiat Uno Selecta several years ago in Italy and used a Ford Fiesta CTX (continuously variable transaxle) in London this week. Both have the same transmission. It adds £673 to a Fiesta's price.

• GARDENING •

Robin Lane Fox casts a critical eye over this year's Chelsea Flower Show



Revitalised strain: lupins from Woodfieldsof Stratford-on-Avon

When big is not best

CHELSEA Flower Show finished yesterday. If you missed it—or failed to miss the crowds—you may be telling yourself that it was much the same as usual. Predictability is part of its charm, but my personal list of winners and absentees suggests that predictability was not the whole story.

Several classic families were less well represented than usual: clematis, irises and orchids were in retreat. The begonias were still big—but not as big as the ones in my boyhood memories from 1962.

Kelway's peonies are still wonderful (I fell for Institutеur Doriat, a deep rose-red), but the annual flowers from seed are more formal and less spectacular.

Nowadays the very big exhibits are less exciting, usually, than the smaller stands. They bring us the newer nursery names: Hopleys, Four Seasons and, this year, Paradise Centre, near Bures, Suffolk, whose pink and white Lily of the Valley, Bleeding Heart and Shooting Stars were charmingly combined with unusual hardy plants.

My immediate impressions are not those I would have expected: when have I ever come away from Chelsea with special bouqets for cacti, lupins, a display of parks gardening and the Daily Mirror? To judge from this year's garden-exhibits, the Daily Mirror is Britain's quality newspaper, the Daily Telegraph is brash trash, and the Sunday Times is written for and by people who have seen a woodland and believe that "the best of its natural features and flora have been retained" by plantings of tobacco-plants, rhododendrons and some "conservationist" dandelions.

Once again, the prizes for outdoor gardens at Chelsea did not go simply to the big spenders. I wonder what hard-core Telegraph readers have made of the garden in their name. One of the big main sites was given over to a bogus Chinese pavilion, with cross-walls of yellow lavatory-brick, some savage azaleas and yet another gushing water-sluice. It must have cost a fortune; it was an aesthetic disgrace.

The Mirror, meanwhile, produced a small, friendly garden by teaming up with London's newish Garden Centre at Alexandra Palace. The Centre did justice to its reputation for finding conspicuously large and well-chosen plants. The climbing violet-blue potato flower *(Solanum Crispum)* and the pink and white Actinidia (seventh heaven to cats) were outstandingly shown. A cream-leaved Griselinia and a deep pink Clematis Montana framed some elegant half-hardy bedding and a Butterfly Blue Scabious from Ireland, and made up for a dinky pergola and one or two spots of Dover-potent red. I hope the Mirror readers act on it, and give up their French marigolds.

Faced with a cactus, many people's instinct is to poke fun at it. The shape seems odd or suggestive and you begin to wonder, most unfairly, what these owners see in them. This year, Southfield Nurseries of Holton-le-Clay, Grimsby, showed what bigots we all are.

The manager, Ben Goodey, began to grow cacti at the age of five; he started his nursery when he left school; this year was his second at Chelsea and he brought the gems of his collection to show us the exquisite colours and forms which develop in these desert plants. His nursery supplies cacti by mail order from its excellent catalogue. It lists and exhibits all sorts of Mammallaria — which are not, I assure you, cuttings from the Mirror's old page three.

As for the lupins, I hope that a place by the entrance to the first gangway gained a big audience for the Woodfield brothers and their nursery near Stratford-on-Avon. They took up this family of plants in the 1970s. Seed packets still advertise the famous "Russell" lupins, but the Woodfields are adamant that the true strain has been lost these many years. Their own breeding has had to start afresh; older visitors were agreed that they are now surpassing the old Russell varieties. The Woodfields sell seed, but will not supply plants by post. Seed will suffice for most of us; this year, two of the varieties on their stand, with the longest flower-spikes and most even development, began from a customer's chance seedlings, raised from one of their own seed packets.

Last, a special bouquet to the Royal Parks. I wish that every city council co-ordinator could have stood in front of that soft, superlative river of colour, and then given orders to use his glasshouses on the range of ideas it opened.

It was evidence of a quiet revolution. Town after town still plays around with pansies, begonias and salvias which are raised from seed at high temperatures maintained at our expense. Meanwhile there has been a rival growth in soft wooded half-hardy perennials; these can be grown from their own cuttings and over-wintered in a frost-free frame.

The Royal Parks showed much that shoppers for bedding plants are never offered: pink, white and deep rose Argyranthus, the daisy-flowered Osteospermum, unusual blue salvias and a new green tobacco-plant, and a superb pink Pelargonium hybrid called Sweet Mimosa. These make most civic flower-schemes seem very unimaginative.

Could not the Royal Parks team up with the Mirror, bed out all of London in these sympathetic colour-schemes, and show the world that summer flowers, too, have a new elegance in the 1980s?

Nice little urns

THE days when garden ornaments consisted of a few disconsolate gnomes, and a bird tray to amuse the cats, are long past. At Sotheby's next week you can spend more on an item of garden statuary than most people might invest in a house.

Last year Sotheby's Billingshurst off-shoot organised its first such sale, and brought in £700,000 plus. Estimates were low; bids were high. This year it hopes to top £1m with a much larger auction of about 1,000 items to enhance gardens, including a few architectural fittings to smarten up interiors.

The star lot is a 10-foot high marble group, by Camille Gresland, of a happy pair of Bacchantes and an odd putto frolicking with grapes and cymbals. It carries a top estimate of £120,000, an impressive sum for a "dry" fountain (if you wanted to dampen the ardour of the classical group you would have to add your own plumbing).

Gresland, active in the early decades of this century, was an unknown name before garden statuary become popular. Now he is in the big time. Another, slightly smaller Gresland composition featuring a naked girl astride a fountain, with its piping still intact, should top £50,000. Both lots came from abroad; both are likely to return thither.

Most items are much more modestly valued. Urns can be acquired for £200 or so, and there is an attractive "Chinese Chippendale" dog gate of the 18th century, carrying an estimate of about £300. It was *through such a gate that a* gentleman would have led his hound on the daily constitutional. Of course it would help if a prospective buyer had a gap to fill measuring 36 ins by 34¼ ins, the dimensions of this pretty relic.

Making a match is also paramount at Christie's South Kensington, which is holding its auction of garden furniture today. Many of the items will be on display in the Chelsea Physic Garden until noon; the bidding will take place at 85 Old Brompton Road, London, at 2 pm.

Posing a particular problem is a late Victorian conservatory which once gazed out on the Solent. You might buy it for £1,000—and pay as much again to assemble it on to your home. According to Santiago de Barry, Christie's expert in this field, this would still be half the cost of a newly constructed conservatory, and you have all that 19th century style. Once again, out with the tape measure . . .

An even odder structure on offer at Christie's is a Victorian oak portico, designed in the Elizabethan manner with figures of miniature Shakespeareans. It was dismantled during the last war but an enthusiastic do-it-yourself fanatic could have a jolly time assembling an impressive porch rising to almost 14 ft in height. It would set off any drab exterior, and a price of about £5,000 does not seem excessive.

The most expensive lot at Christie's is an 18th century summer house, believed to have graced Aramstone House in Herefordshire. Given the price of flats in central London this could be a very desirable residence for £30,000: it is larger than some *pieds-à-terre*.

Approaching this "garden temple" in value is a pair of 19th century French cast iron figures of winged lions made by J. J. Ducel and his Fils. They are snarling at the world, and would look good at the entrance to a grand estate.

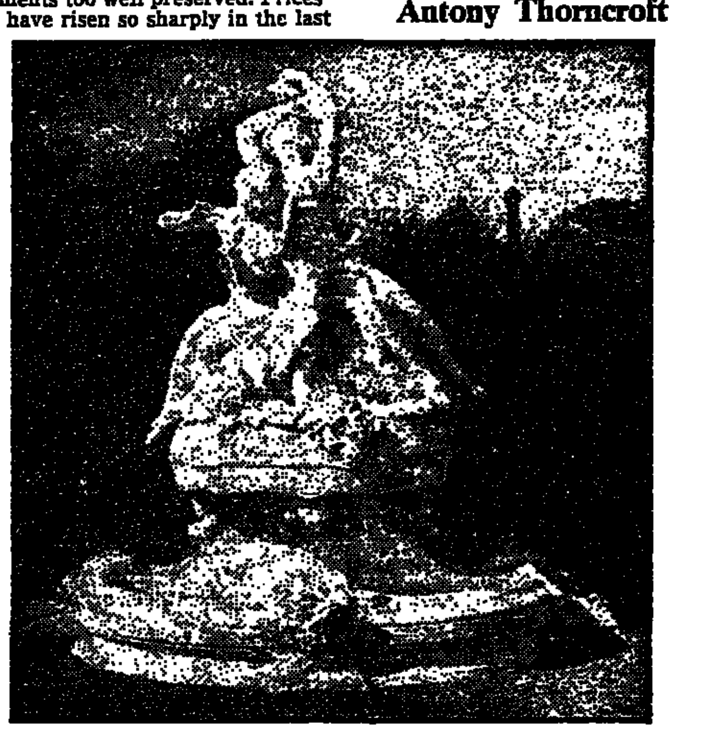
Although there is strong European, American and Australian interest, most garden furniture stays in the UK, gracing the gardens of Country Life properties. It is no great matter if the marble bust, or the granite column, is garnished with moss. Indeed, prospective buyers are scared off by monuments too well preserved. Prices have risen so sharply in the last year or so that there are plenty of forgers turning out mock copies in lead and stone.

The strength of demand will be tested by these two substantial auctions. But, on last year's experience, there will be hundreds of new buyers, many of whom have never been near a sale before. Estimates have been fixed at levels indicated by last year's prices, and might deter those looking for, say, a 19th century wrought-iron garden seat—£1,000 for a good one—or £500 for a decidedly worn-looking urn.

To a great extent both auction houses and buyers are finding their way around this bucolic market. For the first time Sotheby's is offering figures created by modern sculptors—three wooden sheep by Reece Ingram (top estimate £3,000), for example. There is also a Romany caravan of the late 19th century, competitively priced at around £1,000. But in the main we are stuck in the 19th century with gates, and urns, and lead figures, and stone putti: the work of unknown craftsmen.

There is one big name on offer—two large stone groups, of hunting and fishing, by the distinguished 18th century French craftsman, Etienne-Maurice Falconet. They are cracked and bruised and weather worn, but could find a new garden at £50,000.

Antony Thorncroft



Camille Gresland's happy Bacchantes, who carry a top estimate of £120,000

Arthur Hellyer admires a rare hybrid

A Rothschild who is favoured by Fortune

I WAS invited to Exbury to see the rhododendrons and azaleas at their peak but most of all to be stunned by the spectacle I found in the glade where Edmund de Rothschild grows his finest plants of Fortune. To be precise the planting was done by his father, Lionel, who raised this particular hybrid just over 50 years ago by crossing two of the most magnificent Himalayan tree rhododendrons, *R. falconeri* and *R. sinogrande*.

Although both these species have been grown in Britain for a great many years, they have remained rare except in the gardens of specialists, partly because they grow too large for gardens of average size but also because they require rather special conditions and even then cannot be guaranteed to flower every year. De Rothschild expects a full display about every fifth year and this is an "on" year for Fortune at Exbury.

Because it is a hybrid, Fortune is variable but always magnificent. Trees can be 30 feet high and wide, leaves well over a foot in length, the great creamy or pale yellow trusses nine inches across. Lionel de Rothschild was awarded a First Class Certificate for a good form of it by the Royal Horticultural Society in 1938 and a specially fine cluster cut from the Exbury grove won Mr Edmund de Rothschild the Crossfield Challenge Cup at an early May show of the Society this year. There are prize cards on Exbury rhododendrons all round that particular exhibition.

But, for all its glory, Fortune is for specialists and I suspect that the memories that most visitors take away from rhododendron gardens such as Exbury, Bodnant, Leonardsless, Nymans, Sheffield Park, the Savill and Valley Gardens in Windsor Great Park and Battleston Hill at Wisley are not of these coolly coloured giants but of the kaleidoscopic splendour of the smaller, more manageable kinds. In the 250 acres of Exbury one considerable area has been reserved exclusively for the smaller and most free flowering rhododendrons, none above 4 ft in height and here planted widely so that each stands out as an individual specimen. This area has been kept weed free by spraying it occasionally with paraquat (available to gardeners as Weedol) and the effect of this is to encourage a dense ground cover of moss which I find beautiful and a perfect foil to the strong rhododendron colours. It is a perfect object lesson to those who like gardens but find gardening rather a chore. A rhododendron bed such as this one at Exbury, though far bigger than most gardens, probably does not require more than a few hours labour each year and even that is not of the back breaking kind.

Although the rhododendrons at Exbury are as fine and as varied as any in Britain, the name of the garden is most widely associated in the minds of most gardeners with azaleas. Of course, botanically, azaleas are rhododendrons, though whether they will remain so much longer seems doubtful, and although botanists have not yet decided to give them a genus of their own, gardeners have resolutely, and I think sensibly, always refused to think of them as anything but azaleas. They look different from rhododendrons, in general lighter and more twiggy in growth with many of them losing their leaves in winter, and they have a different colour range which extends into vivid coppery orange and flame hues unknown in the rest of the family.

The reason why Exbury and azalea stick together so firmly in the public mind is that one of the many things the great Lionel de Rothschild did was to take the best deciduous azaleas available in his day and then breed and re-select from them until he had a race that was superior to all the rest. Unlike rhododendrons and evergreen azaleas, which are almost always propagated by cuttings or grafts, deciduous azaleas are frequently raised from seed which is a much cheaper method. So Exbury azalea seed could be exported to all parts of the world and the Exbury strain gained international fame.

There is another side to the azalea story and that, too, is well illustrated at Exbury. When the great English plant collector E. H. Wilson visited Japan in 1918 he made a special point of going to Kurume in the southern island of Kyushu where he knew there was a wonderful collection of small leaved evergreen azaleas raised over a period of about a century from a single plant said to have been discovered on the slopes of the sacred mountain Kirishima. The nurseryman who possessed these plants had over 250 varieties and Wilson, who was able to visit him while they were in flower, selected 50 which he considered the best.

What he could not judge was how successful they would prove to be in Britain. In fact some were not sufficiently hardy but many were and, as you may suppose, Lionel de Rothschild was quick to acquire them. Many of them still thrive at Exbury and are in full bloom at the moment, a little earlier than usual. They include colours far more subtle than those of most of the popular evergreen azaleas today.

John Cherrington opens the fishing season

Put to the Test

THE TEST opened for trout fishing on May 1 and conditions were far from pleasant. There was plenty of water but no weed growth to slow down the fast stream or to filter out the mud and sand which made the water an impenetrable mystery to any one looking for fish.

Surprisingly enough, there was a fair amount of fly life particularly on some very cold and windy days but the fish remained remarkably disinterested. I followed a newly hatched Mayfly for a good 200 yards downstream—a tempting morsel for a hungry trout—but it took off unscathed. This was on May 9, the earliest I have seen one. I hadn't yet seen what could be called a regularly rising trout. The fish that rise seem to be oncers. I am not even sure if the rise with which they advertise their presence is at a floating fly or simply an expression of the fish's boredom with the continued low temperatures.

The river was never completely devoid of fly, particularly when there seemed to be a gusty downstream wind which made getting the fly above the rise almost impossible. And once on the water, drag was so violent that there was no chance at all of a natural presentation. The only tactic was to fish at one of these rises in the hopes that it would come again. But it never did.

I had no luck at all until May 15. But I did get an indication of what strategy might have worked as I was straightening out my line and reeling in while fishing on a bridge. I heard a great splash behind me where a large fish had obviously come out of the water to try and grab my fly which was skimming the surface. This would of course have raised a question of ethics as our rules state that the angler's feet must be downstream of the fish when hooked. Anyway the temptation was not put to the test and I had to wait until May 15 before landing one.

It was another bright and breezy day with a downstream wind making casting difficult. I was on the duffers' beat below the stews, sheltered to some extent, with the water very shallow and cloudy. A few fish were moving and I saw one take a Mayfly. It was not a big Mayfly and the nearest match I had was a Hawthorn which other anglers had told me had been successful this year. It was certainly easier to cast against the wind than a winged Mayfly and it was taken at once.

A little higher up there was quite a bit of activity under some overhanging willows. Despite there being no fly I dropped my Hawthorn at a venture and caught another at the very end of a long cast. I lost two more as the fish came very short just touching the fly.

I then moved over to the main river and watched a spasmodic stream of olives and a few Mayfly drifting down. One fish rose but the wind had reached gale force and it was right under my bank, I could not reach it with my right-hand cast.

I regretted then, as I have many times, that I had not persevered with ambidextrous casting. But I find it hard enough to control the fly with my right hand without learning a completely new technique. I did not find a properly rising fish until May 16 on a small carrier running through a wood without any wind or drag to distract me. I was able to drop a cochybondhu above him and landed a good 2lb Brown Trout. He went down well with a prawn sauce three hours later.

Legal Notice

NOTICE OF APPOINTMENT OF JOINT ADMINISTRATIVE RECEIVERS

Name of Company:
SANDRA LAWRENCE LIMITED
Registered No: 1236034
Name and address of
Joint Administrative Receivers:
Michael Joseph Moore and
David James Waterhouse
Cork Gully, Albion Court
5 Albion Place, Leeds LS1 6JP
Date of appointment: 12 May 1987
Name of Appointor: Lloyds Bank Plc
M. J. MOORE,
D. J. WATERHOUSE,
14 May 1987.

Public Notices

CARADON DISTRICT COUNCIL

Potential Marina Development

Caradon District Council gives notice that it invites proposals for the development of land at Salt Mill, Saltash, Cornwall (including a former Local Authority waste tip) to provide a Marina with associated commercial and, possibly, residential units. Outline planning permission has previously been granted for limited marina development.

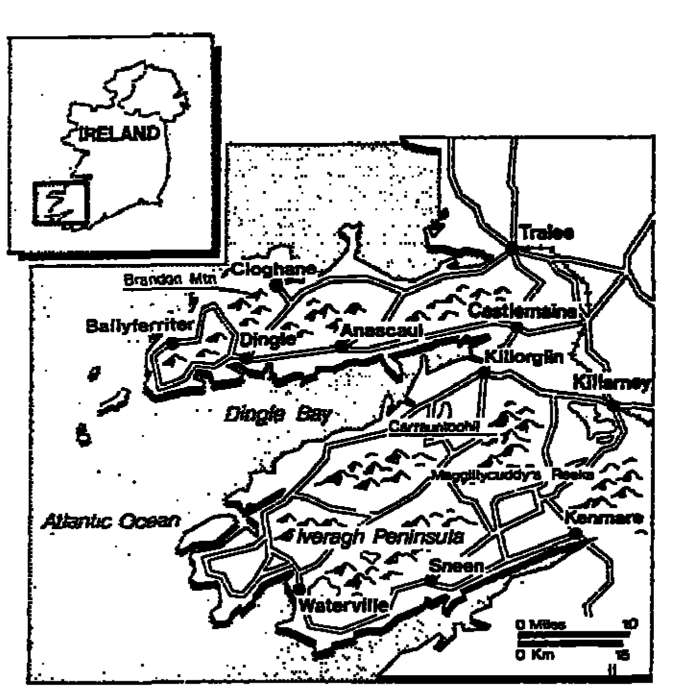
A feasibility study is to be undertaken by the chosen applicant at his own cost upon which future negotiations will depend. The Council is prepared to consider an option subject to satisfactory evidence of financial standing.

Further details available from:
Chief Executive Officer and Clerk to the Council,
Caradon District Council,
Luxstowe House,
Liskeard, Cornwall, PL14 3DZ.
Tel: Liskeard 43818.
Closing date for the application: (3 months from date of advert).

• D I V E R S I O N S •

Into a land of legend

Hamish Brown visits County Kerry where hills, sea and sky clash to form a kingdom of adventure



IRELAND is a Cinderella country when we think of walking and climbing mountains. Why this should be is a bit of a puzzle. When I was gathering material for the 20th-century anthology of British and Irish mountain poetry I found it was Brandon Mountain, the furthest west 3,000-footer in these islands, which had more poems written about it than any other: more than Ben Nevis or Snowdon or Scafell Pike, or Carrauntoohil, Ireland's highest summit.

Both Brandon (Ireland's second-highest range) and Carrauntoohil are in Kerry, as "lively and lovely" a bit of Ireland as you'll find.

Killarney is world-renowned and a bit of a tourist trap but the crowded town and the standard scenic places are easily side-stepped to give a whole kingdom of adventure in a type of scenery I think is unequalled in our islands. Where hills and sea and sky clash on the western rim of Europe you have the boldness, sweetness and sorrow of a Mahler, rather than slick Mozart. You walk close to the Celtic legends in Kerry.

I usually head for Kerry in September-October (when Scottish hills are restricted by the stalking season) so, for me, Carrauntoohil or Brandon are autumn mountains, greedy with berry colours, grabbing at every careless cloud, a barrier of spears against the assaults of Atlantic weather. Kerry often takes it on the nose but it's a sporting ring I'm happy to enter. Who wants their mountains neutral?

The Macgillycuddy Reeks could be likened to a cross between the Mamores and Crib Goch—which is recommendation enough! Carrauntoohil, 3,414ft, stands in a dominating central position with two arms of ridge circling a deep combe to the west and, to the east, has a long, wave-like ridge of peaks, the Reeks proper. The slopes are steep or precipitous and every hollow has a cat's eye of lake set in it. The views are on a grand scale: whole clusters of hills and a wide seascape that leads the eye past Brandon to the horizon, over which pours the ever-changing kingdom of the clouds.

Irish youth hostels are still unpretentious, friendly places and several times we have traversed the Reeks from Corran Tuathail hostel to the north of the group. A winding lane (bohreen) leads to the hills via Lough Cummeenapeasta under Cruach Mhor, the end 3,000-footer of the range. The loch has a crashed Second World War American plane in its circle of water. The Cruach is reached by what feels like a vertical *chevaux de frise* of red sandstone blocks, and the summit has a large cairn shrine.

With a school party years ago, I ended a traverse on the Cruach and found an old man building the shrine. All cement, paint, even a ladder, were carried up the 3,000 feet. Devotion or penance, we wondered? He thought we were daft, just walking for fun, but then he did not feel the need to escape from the crowded city and its toil.

The ridge makes a couple of swoops westward from Cruach, the crest in one spot being a mere wafer of sandstone in thickness, an exhilarating scramble for those able to cope with exposure and intricate navigation over complex roughness. My dog, Storm, thinks it a fun run designed specially for him.

Walk Wild

The rest of the Ridge of the Reeks is very different, being a grassy succession of summits, but these still require careful footing on the downward slopes. (Displaced divots hint at some undignified slides rather than high altitude golf.) There is a larger saddle and Carrauntoohil looms ahead. The "tourist route" joins here, having come up by Hag's Glen and The Ladder, the latter an erosion-scoured gully which I'd only recommend to my enemies. There is a cold spring on the final cone which can be very welcome.

Rather than go up Carrauntoohil, first flank out along a crest to Caher (3,200 ft), one end of that western arc. The cliffs fall sheer down to two-linked tarns. It is a grand highway, doubly-enjoyed because the view is unwound on returning to Carrauntoohil. Ireland's highest summit has a cairn and a metal cross. Over a score of visits I have only met people there on two occasions—a situation slightly different from Snowdon or Scafell Pike or Ben Nevis. It knocks spots off those three summital slums.

Tackling the other half of that western coombe to Beenkeragh (3,314 ft) gives the best scrambling of the day. It is just like the Cuillin except the rock is standstone. In places prehistoric ripple marks can be seen on the rocks and St Patrick's Cabbage, the wild version of "London Pride" or "Nancy Pretty," grows abundantly. The SW of Ireland has an eccentric Lusitanian flora. Kerry even has its own gaudy slug.

The best way off is over Skregmore and down to Lough Acoose—walking into the sunset—or you can return to the hostel. One time I found the bohreen blocked by a herd of cows and had to push and whack my way through. It was only after walloping one big beast that I realised it was a bull, not a cow. (Reminded me of a friend who had to run from a bull on the Pennine Way. He leapt over a wall to escape—and landed on all fours right in front of another bull.)

★

Kerry juts out several peninsulas into the Atlantic. "The Ring of Kerry" circuits the Iveragh Peninsula and the Reeks but the extremity of Ireland lies out on the Dingle Peninsula. From the Reeks you can see the Slieve Mish mountains running along it and finishing on a final surge of hills. This is Brandon. The Reeks have a certain austerity about them but Brandon is one of the most romantic of mountains. It is a huge sprawl too, with cliffs on a Torridonian scale, with deep-set tarns, rocky ridges, Christian and prehistoric sites and a final lurch to the westmost edge of Europe, where the land is chopped off in cliffs over 1,000 ft high. On a clear day they say you can see America.

Brandon is linked with St Brendan (Brendan the Navigator), who had an oratory on the summit of the mountain. Its outline is still visible, as are the circles of old beehive *clochans* and a well. Despite this, the mountain probably owes its name to Bran, a pagan figure pre-dating Brendan by many hundreds of years. St Brendan was born near Tralee in 483 and buried 94 years later at Clonfert, one of the several establishments he founded.

Brandon is best climbed by the Pilgrims Route from Cloghane village. This is a well-marked path, starting by a walled shrine at Faha, above the village. It ambles along and then enters the dramatic heart of the mountain: a coombe surrounded by cliffs with a succession of "paternoster lakes" silvering the ice-scraped ledges. There are flowers in profusion in this natural alpine garden. The path rears up to the main ridge, not far along from the summit, and the view southwards comes as sudden revelation: Mount Eagle, the Blaskett Islands, the shiver and shimmer of sea. Brandon is a mountain for the romantic wanderer.

This corner of the peninsula is incredibly rich in antiquities such as the Gallarus Oratory or Kilmalkedar church or Rearsk. Ballyferriter has an interesting interpretative centre and the coastal scenery by Dunquin and Slea Head is famous, partly through having been used in the film "Ryan's Daughter." Better still, the people are generous and hospitable. Life is still lived at a saner pace here in the Gaelic-speaking west.

I've just had several weeks working out a mountain route from Tralee to Dingle for a book *(Classic European Walks)*. Kerry well deserves a place in such a collection. Dingle is an old town of character and the place from which to explore the western edge. Do it on foot. Hire a bike. Meet the people. Taste the wind. Climb the mountains. You'll then feel you deserve a seafood dinner in Dingle — and a start on its 52 licensed establishments.

● *Practical guidebooks for these hills include: J. Lynam (edit) The Irish Peaks (Constable). H. Mulholland: Guide to Eire's 3,000 ft Mountains (Mullholland) and S. O'Suilleabhain: Irish Walks Guides: South West (Gill and Macmillan).*

Susan Moore on the Old Masters market

How Getty's dollars proved a big draw

WHEN THE trustees of the Chatsworth settlement announced that a further 18 Old Master drawings from Chatsworth were to be sold at Christie's on July 6, little more than a murmur escaped the lips of those who had raised the heritage hue and cry at the time of the first Chatsworth sale in 1984.

It seems that without the British Museum to castigate, it is no longer news-worthy that poor little Britain, even with the NHMF coming to the rescue, cannot afford to buy more than three of the Duke's drawings.

Ironically, one reason why the drawings' value has proved prohibitive to British institutions lay in the phenomenal success of, and publicity surrounding, the previous Chatsworth sale, which both cemented market trends and introduced substantial new collectors into the ranks of Old Master cognoscenti. The other reason, of course, is the apparently omnipotent J. Paul Getty Museum which, as the institution with the world's largest budget for collecting drawings, has effectively transformed the market since its debut in 1981.

The *éminence grise* behind the Malibu drawings collection is the Curator of Drawings, Dr George Goldner, an ex-academic New Yorker, whose relaxed, amiable manner belies a strategic command as calculating as Kasparov's in a World Masters chess competition. He talked to me about the impact of the Getty and the Chatsworth sale on the market, the sources and future of the Getty collection, and the delicate question of sharing our European heritage.

To understand the Old Master drawings market you have to understand its collectors. Traditionally they are more dedicated and knowledgeable about their subject than, say, collectors of Impressionists. "People who were buying Old Master drawings five years ago loved drawings almost without exception," he stresses. "No one bought for investment or speculation." This partly explains why there were so few good drawings on the market in the 1970s—prices were not strong enough to induce collectors to sell.

All this changed with the Getty dollars. Their effect, according to Goldner, was "more psychological and direct". The museum's presence in the market focused attention on drawings, and it also gave people a sense of security in buying them. Competition forced up prices, and as prices went up so too did both supply and demand. "Competitors felt they had to push strongly or drop out of the market," he explained. Such was the power in the public imagination of the Getty in the early years that in 1983 the museum was able to secure a Raphael at Christie's for a mere £205,200.

But the Getty's most powerful competitors have always been—and will probably remain—a handful of hugely wealthy private collectors. Even when the Getty is successful one of them is usually the underbidder. Ian Woodner has probably spent as much on Old Master drawings as the Getty in the past three years (his drawings are going on display at the Royal Academy July 10-October 25). He bought well at Chatsworth, although he was heard to lament that he had not had enough time to muster his resources. The jewel of the proferred Chatsworth drawings, a black chalk head by Raphael, was bought by Mrs Johnson for £3,564,000, underbid by the Getty.

Previously, the world auction record for a drawing was the £640,000 paid for a Dürer watercolour at the von Hirsch sale in 1978. At the Chatsworth sale that record was broken 18 times, as well as numerous records set for works by individual artists. The event also captured the imagination of the world press. Adding to the glamour of the Devonshire title and Chatsworth was the understanding that this was to be a once-in-a-lifetime opportunity to buy from one of the world's largest and finest private collections (now we know better). It was a prospect beyond any curator or collector's wildest dreams.

Drawings collectors are still a relatively small group—not many would pay over £500,000 for a drawing before 1700 (chicken feed by Impressionist standards).

In the past four or five years the Getty's position within this group, surprising though it may seem, has declined considerably. George Goldner sees it now as simply a strong factor in a normal market. The Getty may be largely responsible for the strength of the market, but the market no longer depends on the Getty. While the museum would have been respnsible for 30-40 per cent of the total of a major drawings sale a few years ago, its impact was reduced to 5-10 per cent at the Gaines sale. With the increasing decline of the dollar that process will probably continue. "But," its drawings curator wryly admits, "it will be some years yet before I am passing the hat around in my department."

He predicts another 15 years of collecting Old Master drawings of quality, but not in the same quantity. In 20 years' time his list of artists no longer available will be much longer (already there are no 13th century drawings to be had however much money you have). Thus while the date span of the Getty collection is 1450-1900, the balance has had to favour early drawings.

The collection began with famous names, partly because that was what the trustees wanted but also because it made sense to build a collection from the nucleus out. Some five years later the criteria have changed, now he buys good drawings by artists that even fewer have heard of. There has never been any contest between choosing a beautiful drawing or one that represented an artist, however important. As a result there are holes in the collection—there are three Raphaels for example, but no Michelangelo. But the Getty will never have the function of a national collection, even if it were possible to amass one of the calibre of the British Museum or the Louvre.

England and France are the two largest sources for Old Master drawings, in terms of quantity, quality and historical importance. The two countries have provided the Getty with a third each of its drawings (about 85 per cent come from Europe) evenly distributed between private and public sales. The French are pragmatic about the export of works of art. Their system makes it easier and more effective to control the exodus of such works. They need only declare a drawing part of the French national patrimony and it will stay put (this has never happened to a Getty purchase). Drawings bought in England have frequently been stopped by our Export Reviewing Committee. But, in England, there is, still, "a lurking fear that everything will go."

A few years ago Jacqueline Bacou of the Louvre asked why she should feel threatened by the Getty. "How many drawings do you have," she asked George Goldner, "85? I have 135,000." That is worth remembering when bewailing the voracity of the "Malibu Monster." He is the maner with which our 19th century forebears enriched our museums.

Dr George Goldner . . . and Holbein's Portrait of a Scholar, bought by the Getty at the Chatsworth sale in 1984 for £1,566,000

Morris but not minor

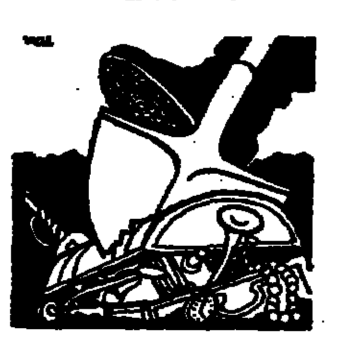
DESIGNER, POET, manufacturer, publisher, conservationist, Socialist—it is difficult to convey the spectrum of William Morris's skills and interests. Born in 1834, a man of phenomenal energy, devotee of all things medieval and strongly influenced by Ruskin's theories on art and society, Morris's abiding hatred of modern civilisation paradoxically led him to revolutionise the taste of his age and lay the foundations of modern British design.

The William Morris Gallery in Walthamstow presents a coherent and fascinating picture of Morris's career. The collection contains many examples of the wallpapers, textiles, furniture, stained glass and ceramics for which the firm of Morris & Co was famous, but there are are also unique artefacts which throw particular light on the character of the man. For example, there is the "medieval" basinet which Morris, with his obsession for detail, created as a prop during his collaboration with Rossetti and his protegés on the ill-fated Oxford Union frescoes. The craftsmanship of the helmet has long outlived the murals, which faded within two years of their completion due to a technical blunder.

On one wall hangs the beautiful Woodpecker tapestry, designed by Morris in 1885 and woven at his Merton Abbey workshop. The art of weaving tapestries on high warp looms had all but died out in England until Morris revived it, and the work seems to exemplify some of his chief concerns in its traditional craftsmanship, its design of stylised fruit tree and sinnously curling leaves, and in its inspiration, the legend of an ancient Italian king, turned into a woodpecker for refusing to return the love of the sorceress Circe.

The collection is housed in a handsome mid-eighteenth century building, which was Morris's home from 1848 until 1856, while he was a schoolboy at Marlborough and a student at Oxford. The ground floor rooms introduce the visitor to Morris's life and work, and his philsophy of a synthesis between art and artefact. Upstairs, there are examples of the decorative arts by followers of Morris and the principles he advocated—the Arts and Crafts Movement, represented by Gimson, Sydney Barnsley and Voysey, and Mackmurdo's influential Century Guild, with works strongly redolent of Art Nouveau. There are also paintings and drawings by Ford Maddox Brown, Millais, Holman Hunt, Rossetti and Morris's lifelong friend, Edward Burne-Jones.

The influence of the Pre-Raphaelites, and in particular of Rossetti, helped form Morris's early determination to devote his life to art. Overshadowed as a painter, not least by his close friend Burne-Jones, Morris found his talents best employed in the decorative arts. When he married that archetype of Pre-Raphaelite beauty, Jane Burden, in 1859, it was the venture of decorating their first marital home, the Red House, which led to the founding of Morris & Co, to produce furnishings in keeping with his ideals of art and society.



Treasure Trove

The Gallery displays textiles printed by the indigo discharge process, whereby the fabric was uniformly dyed and the pattern produced by using various strengths of bleaching reagent. The result was a delicate gradation of tone from indigo to white, to which tints of gold, green and rose madder could be added by subtle overprinting. It was a lengthy and laborious process, like so many explored by Morris; a classic example of the discipline which traditional methods imposed on the designer, and to which he so readily responded.

The results are very beautiful but the cost of producing them placed them well beyond the reach of all but a tiny minority. It was a dilemma which the Socialist-idealist Morris was never able to resolve. "I do not want art for the few," he wrote in The Lesser Arts in 1887, "anymore than I want education for the few or freedom for the few."

An orginal cartoon for "Chrysanthemum" wallpaper shows one of Morris's basic pattern constructions: the rising motif of the stylised flower slowed by the downward undulation of the leaves, superimposed on a detailed and intricately wrought ground. Designs like these were traced on to pearwood blocks, cut, inked with distemper colours and used to print the papers.

The quality of design in everything on display, from furniture such as the light and elegant rush-seated "Sussex" chairs to the fine printing of the Kelmscott Press, gives the gallery a particular contemporary appeal. But it's just the tip of the iceberg, explains Nora Gillow, the museum's curator. "Ideally we'd like a building twice this size. There are real limitations in trying to show an extensive 19th century collection in what is, after all, quite a small 18th century house."

Scholars, schoolchildren, students of textiles and furniture all have access to archive material at the Gallery, and a regular programme of temporary exhibitions is used to highlight features of the collection not permanently on display. But there are financial constraints as well as limitations of space. The Gallery is entirely funded by the Waltham Forest Council, at a cost of £75,550 in 1985-86. The maintenance of Water House, a Grade II listed building of special importance, is obviously expensive, despite structural repairs and renovations in 1980 which closed the museum to the public for nearly two years. The sum available for display and exhibition work is only about £4,000. Last year's exhibition of woven textiles received a donation of £1,000 from the John Lewis Partnership, but commercial sponsorship does not appear to be forthcoming.

The William Morris Gallery, at Lloyd Park, Forest Road, London E17, is open from Tuesday to Saturday (10-1 and 2-5) and on the first Sunday of each month (10-12 and 2-5). Walthamstow Central underground station on the Victoria Line is a 10-minute walk from the gallery, and there are parking facilities adjacent to Lloyd Park. For further information, telephone 01-527 5544.

Marilyn Bentley

Part of an edition of Chaucer produced by Morris's Kelmscott Press in 1896

Transformed in a trice

Barbara Dalzell, a busy journalist, had decided that *it was time* for a new look

BARBARA DALZELL is production editor of the Weekend FT and *seems* always to have been too busy to give any serious thought or attention as to how she might make the most of her appearance. She usually wears large, dramatic spectacles, no make-up, and until a few years ago her usual *gear* was jeans.

In recent months she had begun to feel that maybe she'd *like* to dress in a more elegant way. When I suggested we went along to one of Susie Faux's make-over sessions she jumped at the chance.

Susie immediately felt that Barbara's hair needed profes*sional* attention. On a recent round-the-world trip it had been cut and coloured rather inexpertly; and Susie thought the whole effect should be softened. She sent her along to Kevin Moss at John Frieda, 75 New Cavendish Street, London W1.

Kevin immediately agreed that softness was what Barbara required. He and his assistant, Louise Summers, toned down her henna colour and added some golden highlights before Kevin cut and set her hair into the gentle, becoming shape you see photographed here.

From the expert hands of Kevin and Louise, Susie ushered Barbara into the care of April Daye, a make-up artist at Stephen Glass's Face Facts, 75 George Street, London W1. April began by shaping Barbara's *rather heavy eye-brows,* to give more shape to her face. She then used a little concealer to tone down the high colour on her cheeks. After that came a soft beige foundation, some soft bronze creamy blusher to *add more contour to the face,* and a translucent loose powder to set the make-up. Then April turned to Barbara's eyes, by common consent her very best feature. Everybody thought she should try contact lenses and stop hiding her eyes behind spectacles.

April used soft grey and *mauve colours to bring out the* eyes, using a combination of eye-shadows, eyeliner and mascara. The total effect was soft, yet wholly flattering. By this time everybody was overcome with the transformation taking place before their eyes—from Susie Faux to the entire John *Frieda* salon, to *April Daye* and myself, we were all as pleased as punch. Barbara looked fantastic. It remained to find her the clothes to suit the new image.

Susie chose a chic and simple navy-blue shirt dress by Max-Mara (£275), and put a white *linen shirt by Conzem (£145)* underneath it. She added "Chanel-style" ear-rings, dark navy tights and navy court shoes. Barbara looked ready to hold her own in any company from Downing Street to the Stock Exchange.

All the attendants were quite *overwhelmed by how wonderful* she looked. But how did Barbara herself feel?

"The last time I had been subjected to such intense attention was when I had my wisdom teeth pulled out. I was rather apprehensive at first. Would they recoil in horror? Would there be shrieks of dismay? But everyone was very pleasant and reassuring and at pains to make sure that I was happy with what they were doing.

"I came out feeling terrific and very cheerful about what they had done. I had been worried about emerging with a 'look' that wasn't me. In the event I felt like a greatly improved version of my old self."

Will she keep it up? "Oh yes, I can't wait for my hair to *grow so that I can have the* perm Kevin suggests. Even though I'm not used to giving time to putting on make-up, and don't much like the feel of it on my face, I will certainly go on with it and I will probably go back to Face Facts for a refresher course on it all. And Susie has shown me how to *dress to make the best of myself.*"

After: "The total effect was soft, yet wholly flattering . . . Barbara looked fantastic"

After: "I felt like a greatly improved version of my old self"

Photographs by Alan Harper

Before: 'Her usual gear was jeans . . . "

WHAT DO you do if you are a *highly-paid* (or, even *more* importantly, just hoping to be highly-paid), very busy woman who knows that somehow you never look quite as good as you believe you could? If you are British you tend to go muddling *along,* buying a piece here and an odd bit there; and you turn out looking like the very nice person you undoubtedly are, but, somehow, never quite with the gloss or the finish that your Continental colleagues seem to manage with ease.

There is help at hand. If, quite rightly and properly, you are busy doing more interesting things than worrying about your clothes, and would like somebody else to do the worrying and the sorting for you, it can be done. Chief among the new breed of professional worriers and sorters of other people's wardrobes *is* Susie Faux, who runs Wardrobe Shops at 13 Chiltern Street, London W1 and 3 Grosvenor Street, London W1.

If I was *ever* in doubt that professional help and expertise really can work wonders, a day spent at a seminar for high-powered women, run by Susie *Faux of Wardorbe,* won me over. There they were, a group of exceedingly able, very highly-paid women (at least 30 per cent of them, Susie Faux estimated, earned over £50,000 a year) but if you had come inadvertently into the room you would have thought what a lovely lot of people—such a pity they were so poor. There were, to be fair, a *few* who looked wonderful, who needed almost no professional help at all and who had found their own style all on their own but most of them needed help badly.

On the whole they looked older than they needed to, more old-fashioned, more dowdy. At the seminar Susie Faux took guinea-pigs from the audience all through the day and with the help of Nicky from John Frieda's hairdressing salon, April Daye from Stephen Glass's Face Facts, her own assistants and Wardrobe's clothes, she transformed people on the spot, behind screens at the back of the hall.

The team worked wonders. From behind the screen emerged women with panache, women with an indefinable "air" about them; women who, *almost without exception,* looked more attractive, more lively and more approachable than they had before.

Susie is a firm believer in getting professional advice where professional advice is *needed.* "*If you're ill, you call* in a doctor," she says. "If you need legal advice, you call in a lawyer. Why not call in professional advice when you need help with your clothes?"

She believes that looking the part really matters, and that just because some women have high-powered jobs, that does *not mean they can't look good* doing them. She sells clothes that, she believes, will help them in their jobs, and though the price tags are of the sort that make most women wince with pain, Susie shakes her head and says: "If you're in a certain sort of job you can't afford not to buy them. A beautifully cut jacket in a fine fabric that you *wear for years is a better buy* than a cheap number that never looks good."

Watching her at work, certain ground rules for elegant dressing did emerge. What you might call the Susie Faux tab*lets seem to consist of a few* tenets of faith.

- Buy a really good jacket that will team with a number of different skirts.
- Aim for a silhouette based on an inverted triangle—that *is, wider shoulders (she often* adds pads to shoulders) to give a narrower look to the hips.
- A touch of gold at the neck flatters almost everybody. All the guinea-pigs at her seminar were given a gold chain necklace and a pair of gilt ear-rings, and they immediately looked more "finished" as well as more glamorous.
- Never wear tights lighter in colour than your shoes—if possible, match them.
- A good raincoat is an *excellent buy for* British women—it will see them through far *more situations* than a conventional coat.
- In almost every case, her *guinea pigs* were wearing their hair too heavy round the face—as soon as it was pushed away from their faces the effect was lighter, the years fell away and the eyes shone out.
- Simple classic court shoes are more becoming and look much more stylish than the open-toed versions British women seem so fond of.
- Never, ever buy clothes that are tight. If in doubt, buy a size up. (If you're worried about the size number showing on the label of a garment, cut the *label out.*)

Just to test the Susie Faux system we took along two *guinea-pigs of our own.* The photographs tell it all.

Lucia van der Post

HOW TO SPEND IT

Moira Black, a chartered accountant, *had* been thinking about updating her image

MOIRA BLACK is a partner in Price Waterhouse, the firm *of accountants. She is chairman* of the City Women's Network, in *London.* When I suggested that she come along to Wardrobe to see what Susie Faux and her team could do for her she bravely jumped at *the* idea, saying that it sounded "a lot of fun." For sometime she had been thinking herself about trying to update her image. She did not have any firm ideas about exactly how — more a feeling that she would like to try something different. This was her chance.

Moira is very lucky: she *has* wonderful skin and colouring, and she is tall and slim. Susie felt, though, that *she was* not making the most of her good features. The general effect was a little insipid, and with Moira's skin, good features and height she ought to go for a much more interesting effect.

For Moira we did not embark on professional hair and skin make-overs, largely because of time pressures. Susie *set* about doing for her exactly what she would do for a normal customer — she sat her down in the shop and gave her some idea of how to project herself in a more interesting or more *up-to-date* way.

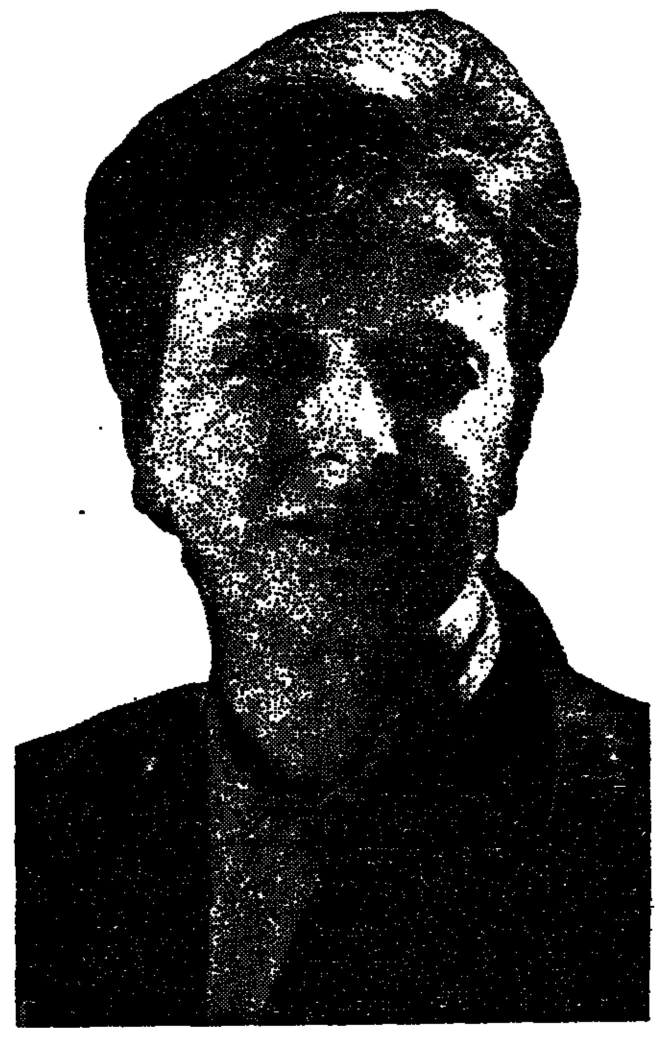
First, Susie took Moira's hair off her face and used some very mild gel to *give* it a more fashionable shape. Immediately her eyes — one of her best features, which one had scarcely noticed — were much more in evidence. Susie then used very subtle tones of beige *taupe* and *apricot* eye-shadow on the eyes. She used eyeliner, which she then smudged to look soft, round the eyelids, added mascara to the lashes, and finally one could see just how beautiful Moira's eyes really were.

When it came to clothes selection, Susie put Moira into a Jill *Sander suit of grey* cotton and wool with a tan stripe. With it she put a sharp mustard poplin shirt. The suit is £750 (it can be worn with a black, grey, or tan skirt, which gives options of several *different outfits*); the *shirt* £225.

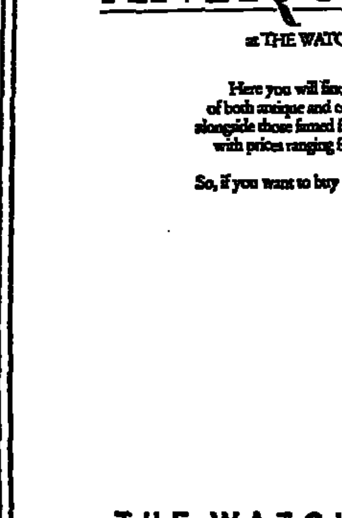
An essential accessory, Susie felt, was dramatic jewellery. Moira's tiny ear-rings did nothing for her; much larger ear-rings and a striking pin on the suit lapel created a scale *much more appropriate to some*body of Moira's height.

Susie was very happy with the final effect. "We gave Moira *a classic look which should see* her through several years to come." I thought the change was dramatic—from a charming but slightly insignificant woman Moira was transformed into somebody who looked at once younger and more sophisticated. She also looked more interesting and more fun.

Moira herself has no doubts. She was very impressed with Susie's make-up, and will certainly continue with the eye make-up, although she doesn't feel happy with make-up on her face. She took the point about *larger jewellery, which she will* get around to organising. She liked the hair, though her husband thought it a bit messy. As for the clothes: Moira liked them—but wouldn't dream of paying that kind of money for *them.*



After: "Somebody who looked at once younger, more sophisticated . . . and more fun"



Before: "Charming but slightly insignificant . . ."

"We gave Moira a classic look which should see her through several years to come"

Olive branch offerings

FOOD FOR THOUGHT

OLIVE OIL is one of the touchstones of English pseudo-connoisseurship. You buy it (*your grandfather, if you had* that kind of grandpa, bought it) at the wine merchant's. Perhaps having leapfrogged over grandpa, you buy it at the door of a Tuscan farmhouse and bring the stoppered bottles home *in the boot, green* and smelly. Anyway, it's that kind of thing.

All this in Britain, where olive oil accounts for about 1.5 per cent of the oil and fats market. In Italy it has 50 per cent of the market and everything else—not just peanut oil butter, margarine, lard and suet *per cent.* As with so many other —is crammed into the other 50 things, olive oil is here a "gourmet item" for the few: for Italy it's like bread and potatoes.

When I was a child, olive oil *appeared* in the household in only one guise: "Olive Oil BP" in little ribbed medicine bottles whence it was poured into the eare when you had ear *ache to* soften the wax and, as we always supposed," to float out the earwigs." One never ate it: just as soon eat the Friar's Balsam or the Zambuk.

Bertolli is one of the biggest *names* in Italian *olive* oil and they invited me to Lucca to hear of their plans to launch a completely new olive oil on the astonished world — the *first* new olive oil, they claim, for 4,000 years. (They don't tell us what was their new product launch in 2013 BC).

It is, they say, "devoid of the strong traditional flavour." *Make of that what you will.* I must confess that I use oil of some kind far more often than I want that particular flavour, so I am in the target market.

Snobbery apart, olive oil is a bit like wine in its ancient sim*plicity of preparation. We used* to be taught that there was a hierarchy, using words like virgin, first pressing, cold pressing and so on — presumably Olive Oil BP, suitable *for* the ears but not the mouth, came *a long way down the list.*

Nowadays in Tuscany, most of that has gone by the board. There is "extra vergine" which is the oil of local olives simply pressed and run off into bottles. Its quality is measured by *the acid content: to* be *extra vergine* it must have less than 3 per cent acid.

Above that level, the oil has to be washed with soda to bring the acid down and then it can be sold as "Olive Oil." In this *process it loses flavour,* freshness and value and is generally destined for the blending vat.

A big company like Bertolli naturally has to take the output of several different farmers. These farmers take their oil to the mill themselves and deliver their fresh *extra-vergine* oil to the plant for blending and bottling.2 Some are green and *coarse, some yellow* and smooth and out of them a product is made and bottled.

Not every grower gets the *same price for his raw materials* in any given year. There was a tasting at an old olive-mill up in the hills above Lucca where we tried—in little glasses, like wine—the output of various farmers. Everybody went for *one particular grower whose oil* was perfect—fruity, fresh, dark, not at all bitter but full of flavour. He, I was told, would get a price well above average for his contribution.

And a warning: if you are *invited to an olive oil tasting,* use the spittoon provided. I didn't, thinking that this wasn't a wine-tasting and I wouldn't get drunk. But olive oil in these sort of quantities is an unrivalled opener of the bowels. Do not drink it like water. Take advice from one who has paid the price: spit as you taste.

Here in London you can buy olive oil from many sources: Greece, Spain, France, as well as Italy. I had always imagined that Provencal *oil, small in out*put but high in quality was in some way the aristocrat of oils, but the Tuscans won't have that. No doubt every country has its fans, just as with wine. Sometimes it seems that Greece with its dark green fully flavoured oil, has the original and real thing.

But unless you are going to have an oil cocktail cabinet you had better decide how fruity you like it. Fond though I am *of the fruity stuff,* I don't normally want either salad dressing or mayonnaise—or fried food—to tase very strongly of the *olive.*

Before you get carried away with the parallels between oil and wine remember the words of Pliny: "It is not with olive oil as with wine; for by age it acquires a bad flavour and at *the end of a year it is already* old. This is a wise provision of nature. Wine, which tends to drunkeness she invites us to keep; but she has not willed that we should be thus sparing of oil, and so has rendered its *use* common and universal by the very necessity of using it while fresh."

So all I can recommend is that you *don't buy more* than you need; that Lucca didn't get its name for nothing; and that only you can be the judge of how fruity you want it to be.

Peter Fort

Robert Fox on the newsman's dilemma in wartime

Blurting it all out

Our reviewer covering the Falklands campaign for BBC radio

THE FOG OF WAR
by Derrick Mercer, Geoff Mungham and Kevin Williams. Heinemann £15.95, 413 pages

I RECALL a day in May five years ago. I was lying on my bunk in the North Sea ferry, MV Norland, listening to a broadcast on the World Service. In the programme Simon Jenkins, then of the Economist, speculated that British troops were about to land on the Falklands; he suggested they would attempt to make an unopposed landing at night at a point somewhere facing Falkland Sound, which runs between the two main islands. I was surprised at the accuracy of the forecast, and wondered in a distracted way if the Argentines would be capable of appreciating such information and reacting to it: most of my mind was on more pressing preoccupation of getting hold of a trenching-shovel before landing, and praying that the weather would continue to be foul enough to prevent air attack.

The rights and wrongs of such a broadcast, and how it came to be made, touches the main subject-matter of The Fog of War, which is based on the study, of relations between the government, the military and the media, during the Falklands conflict, carried out by the Centre for Journalism Studies at University College, Cardiff. The incident described above is not mentioned but others, too similar for comfort, are, particularly another BBC transmission which gave the precise position of 2nd Battalion the Parachute Regiment the day before the attack on Darwin.

The book covers in exhausting detail relations between civil servants, at the Ministry of Defence, the Foreign Office and Downing Street, military chiefs and Task Force Commanders, politicians, media editors, correspondents at home and in the field as they struggled to establish a workable information policy. Some would argue that no such policy has been arrived at yet, five years after "Operation Corporate." Concluding chapters look at information policy in Vietnam, the invasion of Grenada, and the Lebanon campaign of 1982, with a final glance at what might be done to and for the press in an all-out European war.

Civil servants and commanders alike were unprepared for handling the media in a small war at the time the Argentines took the Falklands, April 2, 1982. The Defence Ministry was particularly in disarray, with no civilian Head of Public Relations and the head Navy Press Officer about to leave. The biggest dilemma was over how much information about operations to give: if too much, would it aid the enemy, if too little, would it lead to needless acrimony and dangerous speculation?

At the civil servant level the two heavyweights Sir Frank Cooper, Permanent Under Secretary at MoD, and the Press Secretary at No 10, Mr Bernard Ingham, argued it out, the latter in favour of more disclosures than the former. Surprisingly to myself, two Cabinet Ministers, Sir John Nott and Mr Cecil Parkinson, come out well; Sir John with his insistence on telling Parliament first about developments, and Mr Parkinson with his ability to get some semblance of co-ordination between the various ministries by skilful chairmanship of his sub-committee of the war cabinet.

The opening sections of the book are strongest. The tensions between the various ministries, the politicians and the editors, and the anxieties of those commanding the Task Force are chronicled in minutest detail. (Surely this must be the last word—all that remains now is for someone to study why so much ink and money has been spilled on the quasi-scientific study of what was after all a rather brief campaign). The authors are to be commended for the sheer amount of work they have put into combing the records and interviewing protagonists.

The nearer the theatre of action, the less satisfactory I find the book. Here I have to declare an interest, for I am described in the group of Task Force reporters who were "willing to listen and trying to learn," in other words thick, but trying hard.

Some of the account of the deeds and difficulties of the Task Force correspondents has the profundity of a gossip column. Relations between the military and the journalists were more complicated than the caricature given here: men of all three services were much more helpful than is generally given credit for, often in moments of great stress.

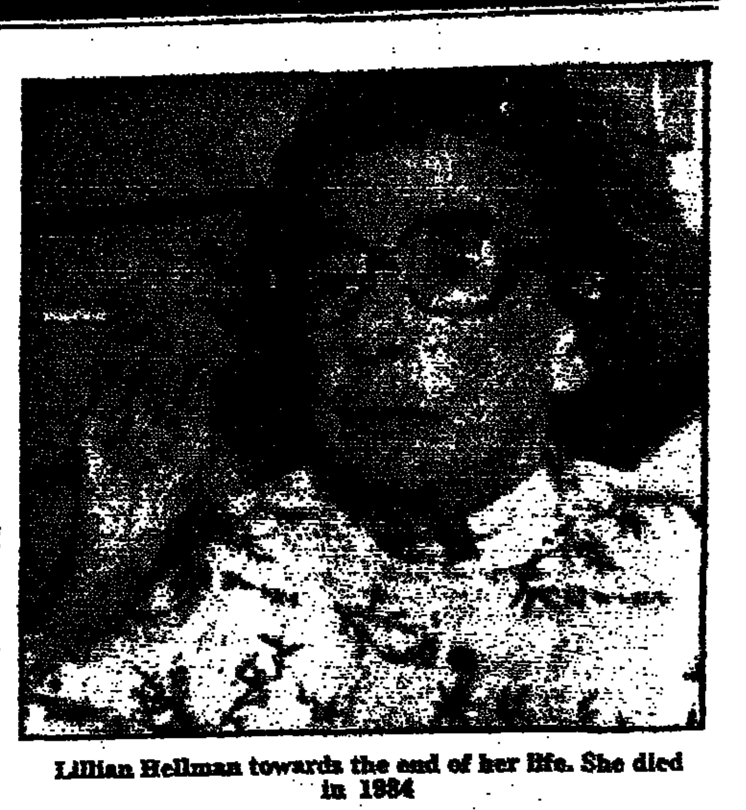
The authors rightly suggest that the peculiar conditions of the Falklands campaign are hardly likely to recur. No operational force will have such tight control over accreditation of journalists, the access they are given to their story, and their outlet for transmitting to their news desks and audiences. But in stressing the uniqueness of the South Atlantic campaign I think the authors needlessly sell themselves short; for some lessons have emerged which should govern relations between press and the armed forces in future operations.

In the recent study on censorship the committee chaired by General Sir Hugh Beach emphasised the need for a bargain between the media and the forces about what should be published and what held, on grounds of security, the safety of lives and future operations. Beach suggested that the bargain should be made at base, between senior editor and senior commander or civil servant.

However, I think the effective bargain will always be made at the front, because, whatever the form of the operations units will always be able to choose the reporters they take to the front line. This study shows the need for clear guidelines and the enormous difficulty in a free society of laying them down.

Anthony Curtis on the stormy life of a formidable yarn-spinner

Hammett's firm friend



Lillian Hellman towards the end of her life. She died in 1984

LILLIAN HELLMAN: THE IMAGE, THE WOMAN
by William Wright. Sidgwick and Jackson. £15.00, 507 pages

WE LEARN what we knew or half-suspected: that in her books and public utterances Lillian Hellman did not always tell the truth, then refused to admit it, counter-attacking with libel-actions against those who denounced her, notably Mary McCarthy. By then Lillian may have become so fearsomely committed to a belief in her fictions, based on a conception of her own heroism (which was not wholly a fiction) that she was incapable of distinguishing fact from invention. The most striking example to emerge from this book concerns the account of the woman she calls Julia, first published in a volume of her memoirs, Pentimento, in 1974, and afterwards made into an exciting movie with Vanessa Redgrave and Jane Fonda. The biography reiterates a number of inconsistencies in Julia pointed out by earlier writers and adds a few more for good measure. It seems for a start highly unlikely that Lillian had an invitation to attend a theatre festival in Moscow in 1937 with which her account begins.

Was the woman Julia wholly then an invention of Lillian's? No, there was a Julia, Muriel Gardiner Buttinger (née Morris) who after degrees from Wellesley and Oxford in the 1920s had enrolled in the University of Vienna to study psychiatry and had become involved in the anti-fascist movement in Austria. In 1983 her memoir, Code Name Mary, was published by the Yale University Press and the similarities between her and Julia came out into the open.

Far from being a close friend of Lillian's and recruiting her to perform a dangerous mission she had never at any time met her. When Pentimento appeared Mrs Buttinger wrote to Lillian politely inquiring if there were several models in life for Julia whose history so closely paralleled her own. Mrs Buttinger did not receive a reply and Lillian denied ever receiving such a letter.

But how then did Lillian get hold of Muriel's story in such detail. The answer to that seems to be very simple: they both had the same lawyer in America and through him some facts about Muriel came to Lillian without Muriel being aware of it until she read Julia. The author of this book suggests further that Muriel may also have inspired the character of Sara Muller in Watch on the Rhine.

Lillian was turned sixty when she started writing autobiography in An Unfinished Woman (1969). The form offered her a splendid new lease of literary life after it became clear that her innings as a successful Broadway playwright had come to an end. As playwright's go it had been a good innings, with plays like Children's Hour, The Little Foxes, to her credit which, when they became movies, led her to a career as a Hollywood screenwriter.

By then her marriage to Arthur Kober a New Yorker writer had come to an end and she had begun her long, much-publicised affair with the mystery-writer Dashiell Hammett. On the proceeds of her film rights she bought a New England farmhouse where Hammett had his work-room and could cast an eye over her playscripts before they went out. Their co-habitation did not exclude frequent affairs with other people, charted here in as much detail as the author can muster. Lillian was both a workaholic and a sexaholic.

She was also a staunch defender all through the 1930s and 1940s of the actions of Stalin. The political affiliations and involvements are as baffling an aspect of the life of this complex woman as were her personal relations ending so often in anger and bitterness. What matters in the end was that she was a good writer, not so much in the ephemeral form of the stage-play, but in her occasional prose, lies and all. Her introduction to her selection of Chekhov's letters is a model of its kind and when she is being bitchy about her quondam friends in her memoirs she can be mercilessly penetrating.

Lillian's last action during her long lifetime was to try to prevent this book from being written. One sees why. It is full of fascination, though over-conscientiously and crudely written (the word "feisty" in particular is over-used). It suffers from having the co-operation of everyone except its heroine; it lacks her tone, as might have emerged through quotation from her letters. But for the moment it will certainly do. Like the rich, sour, creamy dressing that bears her surname, a small dollop of Lillian goes a long way.

On the move when going was good

STELLA BENSON: A BIOGRAPHY
by Joy Grant. Macmillan. £16.95 339 pages

IN 1919, while travelling in America, the novelist Stella Benson was briefly employed as a reader by Berkeley University Press. The task of evaluating highly specialised writings failed to arouse her whole-hearted enthusiasm (the author of a book on the boring isopod amused her by warning in advance that "this isopod can even bore rock") and she declared that "I have a sort of horror of getting tied to one stodgy respectable job, when there is all the world to see and to write about."

Much of Stella Benson's life was, in fact, spent in subjecting various different parts of the world to her scrutiny. Tobit Transplanted, the most famous and enthusiastically received of her novels, is set, exotically, in Kanto, Manchuria: Stella discerned "a curiously exact parallel" between the position of the White Russians in exile there and that of "the exiled Jews in Tobit's day," and the novel uses this parallel as the starting-point for a plot which closely follows that of the Book of Tobit, in the Apocrypha.

Periodic bouts of pleurisy and bronchitis, which recurred throughout her life (she died in 1933, at the age of 41), gave Stella a good reason for spending much of her time abroad. After languidly flirtatious spells in Switzerland and Jamaica, she decided, nevertheless, to lead an independent existence in London, working initially as a suffragist campaigner and then, during the First World War, as a social worker in the East End — an experience recounted in her diary in a spirit of slightly dismayed hilarity. Her first novel, I Pose, was published in 1915.

Shortly before the end of the war, Stella left England for California, where the bohemian antics of friends such as Bertha Pope prompted her to cast aside her usual "hairshirt" of puritanism. She indulged in numerous bouts of the happily bibulous behaviour which she termed "unprecedented batting:" "I danced with terrible violence with everyone," she confesses, after one particular "sordid bat."

Stella then proceeded to the Far East and to India. In 1920, in Chungking, she met Shaemas O'Gorman Anderson, whom she married a year later. Their life together was rather troubled; both of them grew enormously distressed over what Stella describes as the lack of "sexlusciousness" in her character. Shaemas was an employee of the Imperial Chinese Maritime Customs Service, and Stella accompanied him — not altogether enthusiastically—to a series of different posts in far-flung locations. One of the many aspects of colonial society which affronted her was the alarmingly random method by which the "matrons of Hong Kong" chose their reading material: a coolie was sent to the library with a note which read simply "Please give the bearer two books."

During Shaemas's long periods of home leave, however, Stella played an animated part in the diversions of London literary society. Virginia Woolf made guarded overtures of friendship; reflecting on the personality of her fellow-novelist, Stella observed that "in spite of her rather distracted look I don't believe the world is so difficult for her as it is for me, because she is bigger and never unnerved by little things like the tea being beastly and what not."

Joy Grant, in her determined attempt to rescue Stella Benson from the critical neglect of the past four decades, follows the commendable policy of quoting generously from Stella's letters and diaries. These writings display not only the "very fine steady mind" which Virginia Woolf recognised in her, but also a tremendous enthusiasm for translating observation into narrative. This biography includes, for example, her spirited descriptions of events such as an "affray" which breaks out when a poetry recital is arranged for the Bethnal Green Wives' Club, and an incident at a lunch party in Chungking:

"Being at a loss for something to say . . . I said 'Do your visitors ever insist on climbing up the flagstaff between courses?'—for it was just outside with a little tantalising wire-rope ladder. Mrs Toller said, "Yes, do please, our tiffin parties are always quite informal.' I was cold all over at this calling of my bluff, so I toiled up in the rain."

Chloe Chard

Robert Bridges: doctor, then writer

Poet apart

A CHOICE OF ROBERT BRIDGES' VERSE
selected with an introduction by Lord David Cecil. Faber & Faber, £9.95. 167 pages

ROBERT BRIDGES is overlooked as a poet today—probably no major English poet more so. Yet the answer to depreciation of him is quite simple. A. E. Housman, whose critical standards were most exacting, thought that the five books of Bridges' Shorter Poems contained much of the finest written in their time. To appreciate Bridges fully offers a challenge which few critics today are ready to take up, or are equipped to carry out.

The late Lord David Cecil makes this his point of departure. "Much admired half a century ago and by fastidious critics, the poetry of Robert Bridges is now neglected. Since he is one of the two or three authors writing in my lifetime whose works have meant the most to me, I hope that this selection will do something to rescue him from neglect." As we should expect, the selection is sympathetic and judicious.

As a man, Lord David says: "I have met many other authors, one or two perhaps his literary equals, but none who impressed me in the way Bridges did." I had a similar experience: he had the shattering integrity of true greatness, such as I have met in only two other men—Churchill and G. M. Trevelyan. There has been no biography of him, nor have his letters been collected, so few know about him today.

Bridges stood aloof from literary life, quite extraordinarily independent, belonging to no movement or group, not even a set. Really a Victorian, whose long life brought him into our time, one might align him with Tennyson and Matthew Arnold, or with his early friend Hopkins. He was a pure aesthete, a perfectionist, a dedicated professional—and in my view professional poets write too much.

Lord David brings out the two main sources of Bridges' inspiration — Love and the beauty of Nature. We may think of them as one, for all his life Bridges was inspired by the worship of beauty in all its aspects—not only visual and physical, but intellectual: he was, for example, an accomplished musician, editor of the Yattendon Hymnal, forerunner of the English Hymnal.

He was very much the scholar, with his high academic standards. He was the inspirer of the Society of Pure English, while—in his unpublished letters to Quiller Couch—disclaiming dry academicism as such. He really is difficult to get quite right, though someone ought to try.

In his earlier years, Bridges had been a doctor. He hated the carnage and waste of war, so characteristic of our ugly time—somewhere he writes, in his grand way, of "pygmy Napoleon." Though he lived in his ivory tower on Boar's Hill at Oxford, he knew quite well what was what about the contemporary world. Lord David might have given us the "Epistle to a Socialist in London," with its trenchant comments on our time.

They are rather obscured by being written in classical alexandrines—as is The Testament of Beauty, the great poem in which Bridges summed up his lifelong gospel. As a small contribution to literary history I may add that, when finished in his eighties, he sent out only three copies: one to the King in duty bound (comic to think of George V confronted with so esoteric a work): the second to Maxim Gorki, of all people: the third to Joyce, for—as he told me—"Joyce's aesthetics are *my* aesthetics."

Nothing about this great man was quite like anybody else.

A. L. Rowse

Founding father

CHAIM WEIZMANN: A BIOGRAPHY
by Norman Rose, Weidenfeld & Nicolson, £20.00. 520 pages

A COMPACT but scholarly biography of Chaim Weizmann is long over-due. The Weizmann archive at Rehovot is exceedingly rich consisting of some 23,000 letters apart from numerous other documents and memorabilia. There has been a steady stream of books on the Zionist movement and on Britain's Middle Eastern role. But Weizmann, one of the founders of the state of Israel and its first President (1948-1952) is not among the signatories of the nation's Declaration of Independence and remains a somewhat neglected figure in the pantheon of contemporary Israeli heroes.

Yet he played a central role in the early history of Zionism, and made a major contribution to the final diplomatic negotiations which led to the termination of the mandate, partition and the American recognition of Israel. A convinced Zionist from the age of 11, Weizmann was one of the very few to see childhood dreams translated into realities. However, the final triumph was incomplete and edged with sadness. The manner in which independence came ran counter to all Weizmann's intentions; new leaders from the Jewish community in Palestine (the Yishuv) and the US overruled and then dismissed the old Zionist veteran at the critical 22nd Basel Zionist Congress in 1946. Even during his presidency, the new state was taking a direction which Weizmann both deplored and feared. The presidency, itself, was but a symbolic gesture to the past; the Weizmann Institute of Science a more enduring tribute to Weizmann's visionary hopes.

Weizmann was a Zionist of the old school. Norman Rose is at his best when describing Weizmann's early life in the tiny town of Motol near Pinsk, a provincial metropolis of 30,000 located in the Russian Pale and his subsequent emergence from the shetl via Darmstadt and Berlin, Fribourg and Geneva to Manchester, England, where Weizmann's life-long double career as chemist and Zionist-organiser flourished and prospered.

Professor Rose's portrait of the man, "warts and all," and his ability to provide the reader with a sense of place and time will fascinate even those who know little about the not uncommon western odyssey of Eastern Jews at the turn of the century. He catches, too, the mistakes made but also the barriers imposed which kept even the highly educated and scientifically creative Jew an isolated figure on the margins of British academic and social life. It was, nevertheless, because of his war-time work on the manufacture of acetone and butyl oil that Weizmann ultimately achieved financial independence and a standard of life hardly imaginable among the Jews of the Pale. By the time war broke out Weizmann was already a figure in world Zionism. Holding aloof from the small but faction-ridden English Zionist movement, Weizmann made his name at Zionist conferences in Europe, speaking, often in Yiddish, in the name of his fellow Jews from Eastern Europe.

It was Weizmann's continuing belief in Britain that was at the root of his defeat by Ben Gurion and Abba Hillel Silver, the leader of the American Zionists. The differences between Ben Gurion and Weizmann were more than personal. The former, spokesman for the Yishuv, believed that independence would only come through action by the Jews in Palestine with the support from the US. The aging Weizmann exaggerated British post-war strength and proved unwilling to accept the realities of Bevin's pro-Arabism. The veteran Zionist was unable to find an acceptable compromise that would serve both British and Zionist interests. Nor was he able to stem the rising tide of terrorism in Palestine nor influence the British response.

Weizmann's hopes, moreover, that Israel would be a unique state which would carry into practice the ideals of the first migrations and adhere to the austere standards of traditional morality were doomed to disappointment. No "City of God" has succeeded on earth. Implicit in the creation and preservation of a state are the necessary compromises and weapons of modern nationhood. Norman Rose's biography raises uncomfortable questions even for those about to celebrate the 40th anniversary of the founding of Israel.

Zara Steiner

Fiction

Tale of little boy lost in Lagos

SHADY CITY
by Tom Hopkinson
Hutchinson, £11.95. 382 pages

BLACK SWAN
by Christopher Hope
Hutchinson, £6.95. 90 pages

WALG
by B. Wongar
Macmillan, £9.95. 213 pages

ALL THE week's novels are set in distant cultures — present-day Nigeria, South Africa, Australia. Tom Hopkinson's Shady City is Lagos in the 1950s and 1960s, where Wa'poo's rise and fall, financial and moral, reflect the volatile life of African businessmen, lawyers and politicians.

Wa'poo is a prostitute's child who, at the age of six, runs off to the big city and is befriended by a Muslim nightwatchman who becomes his Baba — father, protector, teacher, moral arbiter in all things. From him, Wa'poo at 19 moves on to Madam Abiose who loves and mothers him and gives him a fancier name, Walpole, and her own surname. He prospers. But in doing so he comes near to losing his soul and is then overwhelmed by bitter grief. For Baba dies, poor, neglected and, till his final hours, alone.

Tom Hopkinson's writing is inventive, full of life and energy, eager and able to put Africa across without patronage or (which is more surprising) a sense of foreignness. It is easy enough to write interestingly and warmly about the smudgy Wa'poos of the market place, or the shadowy world of nightwatchmen, lorry drivers, small businesses; much harder, I imagine, to deal critically and sympathetically as he does with the high life of Nigeria's big business, the cunning and crookedness, the gossip-column world of bars and night-clubs, society weddings, vast expense.

Christoper Hope's Black Swan is a novella set in a South African black township, also in the 1960s. Lucky, whom some call disturbed and some plain mad, finds it hard to settle into the ordinary life of the local lads or of his grandmother, the tight-lipped Muriel, since his passion, after seeing a film of Swan Lake, is for ballet. In balletic-looking breeches he dances about the streets to the scandal of sober citizens and, when it involves hand-holding with his young German teacher, Ilse, to that of the police. A training camp for guerrilla fighters in East Germany sends him back, inevitably, to the terrorism he has been trained for; which leads him, no longer dancing because his leg has been blown off by a bomb, to a courtroom on trial for his life.

Hope is particularly good at people who defy pigeon-holing. A hyperactive mimic of high intelligence, mad as a hatter when it comes to the everyday world, Lucky is a sort of holy fool, at once candid and cunning, dreamer, zealot, loony. The adults around him—nonmad, non-African do-gooders — are beautifully portrayed: especially sad Ilse with her Nazi father and all-enveloping guilt over the Holocaust. The eccentricities of daily life, too, are conveyed with a wide-eyed deadpan air that is very attractive, so that we seem to be seeing, at least partly, with Lucky's odd eyesight and even odder appreciations.

Irony, melancholy, grief, wrongs and sadnesses that are too much for a straight look are all put across with a sidelong, half-comic and wholly serious air that matches the peculiar horrors of terrorism, the dismaying set-up of modern South Africa.

Walg is much more remote from us than either of these. It is about primitive people almost untouched by white ways and fiercely loyal to their own. The author is partly aboriginal but educated in Europe. The difficulty in writing such a book is the old one of knowing how a primitive narrator can speak to a very different audience.

Moravia, when he wrote The Woman of Rome, said he had his narrator write not as an unlettered prostitute would in fact write but as she would if she could; an idea that arouses all sorts of doubts and queries, artistic, social and technical. An aboriginal is even harder to put across as a credible narrator and in Walg has the impossible task of repeating pages of realistic (white) Aussie dialogue which obviously would be gibberish to such a listener. So, as a novel, Walg is not a success.

What gives it point is not the action or the characters or any fictional quality but the aboriginal beliefs. That the earth is part of human life, that cutting it is like cutting flesh, that spirits must be free after death to return to the living—all these ideas are of great anthropological interest. But they could be told factually. As part of Djumala's narrative, a mixture of sophisticated writing and supposedly stone-age culture, they are smothered in the technical difficulties.

Isabel Quigly

CRIME

THE RECYCLED CITIZEN
by Charlotte Macleod.
Collins, £8.95. 197 pages

MURKY SHALLOWS
by Ona Low. Collins, £8.95.
221 pages

IN THE Recycled Citizen Sarah Kelling Bittersohn's saga continues, as some of her countless eccentric relatives get themselves involved in another Boston adventure. Cousins Dolph and Mary, with the best of intentions, set up a hospice for drifters, who are encouraged to earn some cash by collecting bottles and tins for re-cycling.

Innocently, the now-motivated outcasts are turned into drug-runners. A nasty murder, in the course of a charity auction of family junk, brings things to a head and to a rushed conclusion. But in Charlotte MacLeod's stories, it is the route, not the destination, that counts.

In Ona Low's new mystery novel Murky Shallows, you can forget about the plot: an impossible tangle of Mafia, international travel publishing, Venetian society, and family tensions among a Finnish wife, an Italian husband, and their two children. The book's subtitle is "a story of the Venetian lagoon," and the setting alone makes Ona Low's second novel worth reading. Here are the sounds and smells of Venice: the real city, not the museum-place that trippers see. And the characters, too, when not forced by plotting to behave absurdly, are rewarding to meet. An uneven performance by a nevertheless talented performer.

William Weaver

Nigel Andrews reports on the last days of Cannes

Winner palmed off

THIS YEAR'S Cannes Film Festival, one of the most enjoyable in memory, will be remembered as much for its end as for anything that went before. After years of purring along in middle gear, with few rows or furores, Cannes in 1987 produced the sort of climax many of us have long been missing. Maurice Pialat's *Sous Le Soleil De Satan* won the Golden Palm for best film, amid scenes of uproar scarcely equalled in France since the Dreyfus trial. This time the cry of "J'accuse" was hurled firmly if unspokenly—the only spoken word was "Boo!"—at a jury whose declared unanimity of approval for Pialat's film was frankly mystifying. Many suspected that the only reason this stilted religious fable from the French director of *Loulou* and *Police* could have been guerdoned was that the host nation had not won the *Golden Palm* for many years and it was, after all, the festival's 40th birthday.

Most critics, including this one, sat numb-brained through Pialat's Bernanos-based tale of good and evil: in which devout monk Gerard Depardieu, more resembling an overfed rugby player, struggles against Sandrine Bonnaire as a teenage embodiment of evil. Long, wooden dialogue scenes take place in a colouristic gloom of dark browns and greys and aquarium blues. The acting is rudimentary, the staging even more so.

Elsewhere on awards night the flavour was Russian. This being the era of *glasnost*, we must all be seen to pat the Soviet Union on the back whenever possible. The Special Jury Prize went to Tenguiz Abuladze's acerbic if long (2½ hours) Stalinist satire *Repentance*. A towering comic performance by Avtandil Macharadze as the despotic Mayor who makes life hell in a Georgian town (Stalinist traits mixed in with a Hitler moustache and a Mussolini black shirt) is not quite matched by the one-storey character-building elsewhere; nor by a high-rise cinematic structure (realism, fantasy, flashback, dream) that is constantly in danger of toppling over thanks to poor narrative cement-work.

Best acting awards also went to films directed by Russians, albeit outside Russia. Barbara Hershey was named best actress in Andrei Konchalovskys solemnly haywire melodrama *Shy People*, set in the Louisiana bayous. And Marcello Mastroianni was judged best actor for his umpteenth charming roué rôle, in Nikita Mikhalkov's Italian-produced comedy *Black Eyes*. (For collectors of sibling coincidence, Konchalovsky and Mikhalkov are also brothers.)

Surveying these dubious prizes, the festivalgoer's head swam with all the worthier films left unlaurelled. Grossest omission of all was Peter Greenaway's *The Belly Of An Architect*, a *movie of visual* and allegorical brilliance. Equal second among gross omissions, at least in the acting stakes, were *The Glass Menagerie* and *Barfly*. Joanne Woodward, firing on all engines in the Tennessee Williams' adaptation, should have nabbed Best Actress. And in Barbet Schroeder's Barfly, a tale of down-and-out life in LA scripted by Charles Bukowski, Mickey Rourke's performance is a tragicomic knockout: sawdust-and-bourbon voice, arms-akimbo and hobo hobble, and facial expressions running the full gamut from cornered-hound pathos to well-whiskied braggadaccio.

At least the late masterpiece of the festival did not go prizeless: it collected a special *ad hoc* award in celebration of the festival's 40th anniversary. *Federico Fellini Intervista*, directed by F.F. himself, is what the title says and much, much more. "Federico Fellini in interview" it is, since the Italian maestro depicts himself at the mercy of a group of Japanese journalists visiting Rome's Cinecitta Studios. But the film soon takes off into realms of fantasy all its own. We see Fellini working on his latest (fictitious) movie project, involving elephants, dancing girls and a cast of hundreds. We enjoy flashbacks to his own first visit to Cinecitta as a film journalist. (The tram journey *to the studio is a Fellini surreal* special, passing through gorges and past waterfalls, and surviving Red Indian attacks, before debouching on to the Appian Way.)

And best of all we accompany Fellini and his friend Marcello Mastroianni on a visit to Anita Ekberg's country villa. Twenty-six years after *La Dolce Vita* La Ekberg, never a sylph, now looks large enough to sink the Titanic. But that does not stop the party gazing moist-eyed and nostalgic, like the audience itself, at home-projected clips from the earlier Fellini film. And as they gaze, Fellini cuts to a shot—the funniest and most deadpan in the film — of Ekberg's three large dogs standing sentinel in the night garden: stern, statuesque, judgmental, they stare at the glowing curtains beyond which human folly once more, they know, is unspooling.

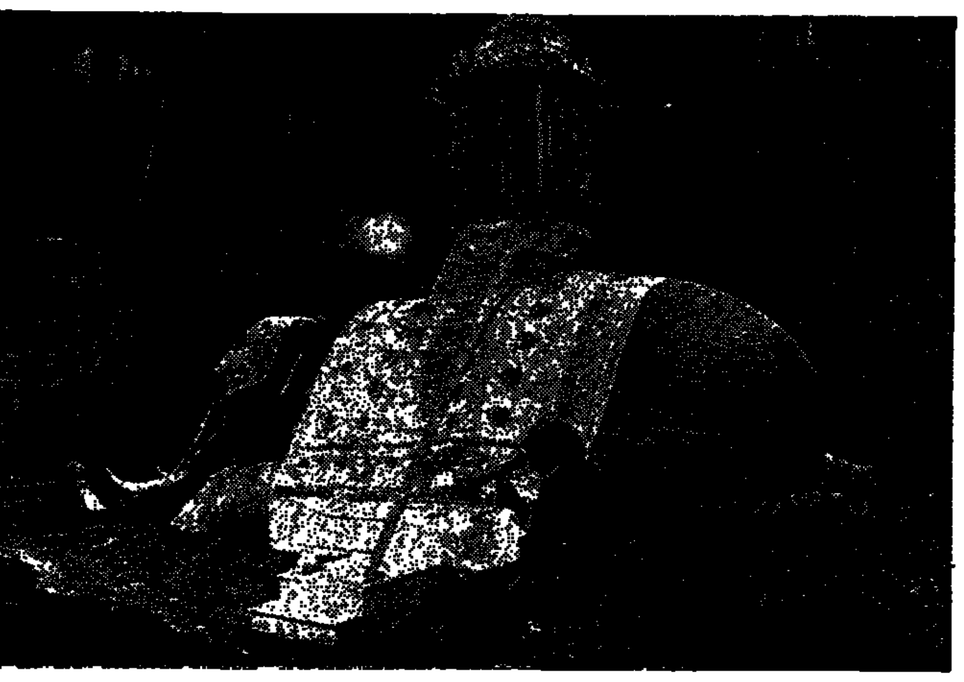
Scarcely less austere at times in his vision of human life is German director Wim Wenders, who in films like *The State Of Things* and *Paris Texas* has charted man's search for roots in a rootless world. His new film *The Wings Of Desire* won him the Cannes best director prize, but for many festival goers, me included, it was tough sledding. Two angels watch over Berlin, tune in on people's thoughts and wonder how it would be to trade changeless eternity for the brief "wings" of mortal desire. One angel (Bruno Ganz) finds out: he falls in love and becomes human.

The film is co-writen by Wenders and Peter Handke, with what sometimes seems like verbal diarrhoea at the expense of visual resource. While the images are harsh, monochrome and laconic, the soundtrack is unstoppably prolix, as it fills up with the free-associative poetry of umpteen people's spoken thoughts. Like many Wenders films, though, its challenges are brave ones and its difficulties are likely to be more negotiable on a second viewing.

Finally, this year's much fought-over Potty Palm prize, awarded by this critic annually for filmic folly beyond the bounds of credibility. The *ex aequo* winners for 1987 were Jean-Luc Godard's *King Lear* and the British compilation opera film *Aria*. *Aria* has nine directors, each taking music *from an opera of his choice*, nailing it down so that it cannot struggle, and attaching visuals to it. These range from Ken Russell staging a gory car crash to the strains of "Nessun dorma" to Franc Roddam showing two comely youngsters bonking away in a Las Vegas hotel to the sound of Wagner's Liebestod. The sound you hear just after the end of the film is that of several great composers rotating in their resting-places.

Godard's *King Lear* is a wondrous aberration of a film, starring Burgess Meredith (as a modern-dress gent called "Mr Learo") and Jean-Luc Godard himself (the Fool, complete with impenetrable speech defect and a head-dress of electric leads). The film is apparently about Virtue versus Power, *inter alia*, but its fractured visuals and incoherently eclectic sound made almost no sense to anyone, except (possibly) Godard.

All in all, rough and smooth, good and bad, it was a memorable and seldom dull festival. Here's to the next 40 years.



Federico Fellini in "Federico Fellini Intervista," which won a special prize

Martin Hoyle sees Sophocles in Manchester

Oedipus vexed

While Channel 4 was re-showing his Edgar (to Olivier's Lear) on Thursday, David Threlfall presented Oedipus to his home town. In accordance with the Greek tradition of playing to the local elders, several slightly bemused Mancunians were draped with ceremonial stoles and seated in the front row of Manchester's Royal Exchange Theatre. Departing from ancient custom, however, there were women on stage and in the audience.

Casper Wrede's production of the Sophoclean double-yolk of *Oedipus the King* and *Oedipus at Colonus* emphasises the song and dance that seem to qualify Greek tragedies as the first musicals. The Chorus sings its lines; principals reply to it in recitative or with a sinuously meandering near - eastern melodic line. The start of *Oedipus at Colonus* blossoms into a full-blown operatic ensemble for the blinded exile, his loyal daughter Antigone and the Chorus. From the early off-stage ostinato and distant voices, Chris Monk's music is a *vital* component of the spectacle. Both singing and dancing, more Zorba than Isadora thanks to Fergus Early's choreography, find the Chorus superbly drilled (how much rehearsal did it take?) The composer, Akintayo Akinbode and John O'Hara perform on varieties of pipe, keyboard and percussion.

Unfortunately this fascinating choric lyricism, with its hint of Dionysic ritual, is at odds with the dialogue in Christopher Stace's new translation. A valid and consistent attempt to prune the rhetoric results in well-knit, modern language full of the traps of bathos and incongruity. Mr Threlfall just gets away with "How dare you!" on being accused of murder; but lines like "You have the nerve to show your face?" or Jocasta's "Men before you have dreamt of sleeping with their mothers — it's just a fantasy," uttered in Eleanor Bron's most honeyed nanny-tones, steer an uneasy course between spare modern immediacy and Cocteau-esque archness.

David Threlfall with Eleanor Bron (Jocasta)

This unease affects Mr Threlfall. Does this hypnotically watchable, technically absorbing actor need some quirk or oddity, A Dickensian trademark or Jonsonian humour, to fasten on to before, like Olivier, building from the outside inwards? Lacking a constant, a vocal or physical attribute to provide a point of reference, his initially confident young monarch (expansive, effusive, eager to track down the mysterious curse) flounders into uncertainty over balancing the anguish of Oedipus's position with down-to-earth language. (And either the music flirts piquantly with polytonality or this Oedipus has a tendency to sing flat.)

Oedipus is fair-haired, in Turkish trousers, brocade jacket and slippers. Swathed in heavy gold fabric, Miss Bron's Jocasta is a gypsy, Carmen perhaps, beautiful and insidiously soothing. Each daughter takes after a parent: Rohan McCullough's ragged Antigone has a wan radiance, played with forthright emotional directness, a frontal attack on our fear and pity. Ismene is Eleanor Bron again, this time in lavender chiffon, an Edwardian hostess in morning *déshabille* as painted by John Singer Sargent. Miss Bron's fondness for the quizzical *pose plastique* emerges as self-consciously winsome beside both the gut-wrenching Antigone and the Theseus, whom Espen Skjonberg plays with whole-hearted relish.

Johanna Bryant's sets chart the appearance of the individual, tempered by suffering as a victim of the gods, with a simple dappled floor, a single column and a smoking sacred flame for *Oedipus the King*, and a circle of rocks for the Eumenides' grove at Colonus. Michael N. Harbour's Theseus is a pleasure throughout: solid, prosaic, unexpectedly devious—so are they all honourable men, these political pragmatists. John Watts is a fine, mellifluously-toned leader of the Chorus, and sings well. Malcolm Rennie's Messenger from Tannochbrae is more dubious, though comic relief is welcome. Here, as elsewhere, one senses intriguing ideas not quite coming together.

Radio

Old familiars trotted out

BESIDES the increased political flavour of the news-bulletins, the election campaign for the ordinary listener has meant a campaign talk daily on Radio 4 before the 9 o'clock news, and a phone-in to some political figure afterwards, with Robin Day in the chair. This is also broadcast on television, which is Sir Robin's real medium, so he sounds better than he does in The World at One, not one of his happiest ventures. Here are all the old familiar voices with the old familiar messages. I was delighted to hear Mr Kinnock reviving Ramsay MacDonald's twin locutions, onandonandon and upandupandup, immortalised by David Low. But that must be my last comment on politics.

Almost political, though, are my feelings about my local independent radio station, Severn Sound. The BBC is about to open a local station for Gloucestershire. Here are Severn Sound's reactions: more pop music, less minority programming, much less news, local news bulletins replaced by national news summaries, the end of the news magazine programme. I am not blaming Severn Sound. I blame the BBC.

Radio 4 gave us a splendid programme about Lord Olivier, who was 80 yesterday. *In The Player King*, Christopher Cook assembled names like Peggy Ashcroft, Peter Hall, John Dexter, Jonathan Miller, Maggie Smith, Franco Zeffirelli and (*imaginatively*) Diana Boddington, the Old Vic's Stage Manager, to pay their tributes. But best of all was to hear that voice, as Shylock, as Henry V, as Othello. We shall never hear acting of this calibre again.

Though it was to be given by a lecturer in East European politics, George Schöpflin, I imagined that a programme called *"Dynasty"—Romanian style* must have an element of satire. No so. It was a horrifying account of the current state of Romania, whose President, Nicolae Constantinescu, was well received when he visited this country 10 years ago, and received by the Queen at Buckingham Palace.

The title "Dynasty" referred only to the President's family involvement in Romania's politics. His wife Elena is Deputy Prime Minister, his son Nicu is Minister for Youth, and it is believed that two dozen of his relations have official posts. The nation is poor, cold and hungry; though there is a solid petrochemical and petrol industry, 40 per cent of the capacity is unused, there are frequent energy shortages, domestic use is restricted (officials paper over the electric points in houses). Ceausescu is 69, but his wife and his son are the favourites to take over should he resign. It sounds much unlike the Ruritanian image some of us had.

On Saturday Radio 4 began a new series of *The Wordsmiths of Gorsemere*, its whimsy about the Wordsworths and their circle. Surprisingly, a trailer for this programme quoted a critic, "An appallingly vulgar travesty," and that is rather how I felt about the last series. Sue Limb, the author, has renamed her characters Cholericke (for Coleridge), de Quinine (*for de Quincey*) and so on. If this amuses you, the programmes will. If they amuse you a lot, you can buy a book of the first series, written as if by Dorothy Wordsworth's hand, and decorated too. Bantam Press, £12.95 hardback, £6.95 paper.

B. A. Young

Dance

Religious feat

GIVEN A cast that includes The Queen of the Night, Tobias and the Angel, Simone Weil, Mary Magdalen and Mohammed, the viewer must anticipate a certain amount of intellectual confusion about an entertainment. So it proved with Second Stride's newest show, *Weighing the Heart*, which was unveiled at the Gardner Centre on Thursday evening as part of the Brighton Festival. The piece is staged and choreographed by Ian Spink, decorated in rudimentary style by Antony McDonald, and accompanied by a repetitive and very *noisy score* by Orlanda Gough for the band Man Jumping.

The reason for the quaint diversity of characters is that Second Stride is "into" religious experience, rather after the fashion of a bull being "into" a china shop. Allusions, references, fragments from Little Audrey's guide to World Religions, fly merrily into the air and come to rest we know not where. The first part of the evening, which is played in and around the bijou residence of Tobit and Anna, is a conflation of the Apocrypha's story of Tobias with part of the action of *The Magic Flute*, but alas none of its music. The reasons for this juxtaposition are obscure, and so is the succession of incidents entrusted to players having *curiously* Middle Eastern outfits.

The noise from the on-stage band numbs the ear-drums—its members wear, for what may be perfectly good if unclear reasons, black triblies, as do some of the dancers—and the culmination of this first section is the marriage of Tobias and Sarah. The happy couple have money pinned to their clothing, red roses deck the tables on which they are propped (can this be part of the Labour Party manifesto?), and there is a suspicion that they are being paraded as corpses, after the fashion of Iñes de Castro. As so often with Second Stride's activities, I had the feeling that I was an intrusive observer spying on the secret games of a group of hyper-active children.

The second part of the evening brings what small rewards are available from Mr Spink's thin choreography. Each of the eight members of the cast impersonates a character who may be presumed—in the woolliest sense — to have experienced religious ecstasy. Hence Simone Weil, whose moment of illumination brings two batteries of electric lights from the flies to surround her with a dazzling nimbus. Hence Mary Magdalen (a role taken by Philippe Giraudeau in a black dress in which he closely resembles Martha Graham in her earlier years), and John the Baptist (decapitation obligingly shown by placing his head on a serving dish), and St Anthony, Hecate, Isis (reassembling the body of Osiris), and Mohammed.

This ratatouille of religiosity is cast as illustrative incidents —some succinct and vivid— which lead into the afterlife (the Egyptian field of reeds, of course) that the programme brightly calls a "knees up." Knees are dutifully raised in the unenterprising closing dance of the evening.

As a game of "guess the allusions," the piece may have a newspaper competition interest, though the only prize I could covet would be curtain-fall. Otherwise it looks pretentious, and a waste of the talents of such distinguished artists as Philippe Giraudeau, who dances with unfailing elegance and economy of means, Lucy Burge, and an impressive newcomer, Tim Persent.

Clement Crisp

Mozart mystery

Nine symphonies by Mozart, written in his own impetuous, youthful, hand, sold for £2,585,000 at Sotheby's yesterday to the London dealer Kirkman, better known as a buyer of Impressionist pictures. The saleroom boldly stated in its special catalogue that the symphonies, bound together in one volume, constituted "the most important music manuscript offered for sale at auction this century."

The price was a decent one (Sotheby's had cautiously estimated the lot at "over £1m"), but perhaps less than might have been anticipated for such a musical rarity. All the other original manuscripts of Mozart's forty one symphonies are in public collections and unlikely to appear on the market.

So here was an unparalleled opportunity to acquire the major manuscript by arguably the world's greatest composer. The symphonies were composed in Salzburg in 1773 and 1774 and at least three are still regularly played, in particular the Symphony No 29 in A Major. Mozart's father, Leopold, had them bound together, and the manuscript has long been known to musicologists.

The vendor yesterday remained anonymous but lives in Europe. The buyer was undoubtedly a client of Kirkman, anxious to acquire such an historical rarity. There were expectations that the German Government might be bidding, but in the event there were just four potential buyers, and, on securing the lot, James Kirkman rushed from the saleroom, reticent about the manuscripts new home.

The manuscript is slightly creased and stained but is in a generally good condition and includes a table of contents in Leopold's hand. Given the extraordinary prices achieved at auction in recent weeks, for Van Gogh's "Sunflowers" (£24.75m) and the Duchess of Windsor's jewels (over £30m), a higher price for genuine Mozart might have been anticipated, but even so it established a new auction record for any musical manuscript — Stravinsky's working draft of "Rite of Spring" sold for £330,000 at Sotheby's in 1982.

Kirkman also secured another major lot in the auction—a recently discovered autograph manuscript of the third movement of Mahler's Second Symphony — which sold for £60,000. A large Meyerbeer archive, of an unrepeatable size and importance, made £176,000.

Antony Thorncroft

Chess No 672 1 R-R1. If 1 ...P-N3; 2 R-R4, K-Q5; 3 B-B3 mate. If 1...K-Q5; 2 P-K5, P-N3; 3 R-Q1 mate.

Records

Chameleon Schumann

Schumann: Arabeske, Papillons, Symphonic Etudes. Vladimir Ashkenazy. Decca 414 474.

Schumann: Carnaval, Fantasy in C. Jorge Bolet. Decca 417 401.

Jorge Bolet Encores: Chopin, Mendelssohn, Schubert, Debussy. Decca 417 361.

ASHKENAZY'S new record for Decca is the first of a projected series of Schumann's complete solo piano music, and the three performances it contains are admirable in many ways—intimate, crisply focused, carefully crafted. He catches especially well the chameleon shifts of mood and perspective in the shorter *Arabeske* and *Papillons*; and in *Papillons* notably he attempts no kind of sentimental or pictorial treatment, rightly giving the title symbolic rather than evocative weight (Schumann frequently used to refer to his pieces as "*Papillons*", and in a famous phrase once indeed likened himself and his way of composing to a butterfly chrysalis).

They are admirable performances: although for my taste at least they also lack a certain vital ingredient of Schumannesque sensibility. The piano sonority itself is commanding but oddly unsensuous — which is not to say that it is either ugly or unyielding, for by and large it has remarkable crispness, ease and clarity, but that it lacks a kind of inner movement, inner mystery.

When one has accepted that the colours and inner voices of the music, the subtle resonances of the conversations below the surface of the notes, are not Ashkenazy's chief preoccupations, then the rest falls more comfortably, and convincingly, into place. In his *Symphonic Etudes* Ashkenazy offers in passing many beautiful things, many quick and gentle insights. I loved for example the détaché rhythmic bounce of his fourth variation, deftly and lightly textured: there is never anything remotely flimsy about his Schumann, and every gesture, even the most *farouche*, has a robustness and a sparkle.

What one chiefly misses is again a matter of sensibility, and generally occurs in those *passages of the most* sudden and breathtaking originality—the soaring *Aufschwung* of the second variation, or the darkly wistful harmonic undercurrents of the third, where the engagement with the lyrical sense seems only slightly, but crucially, dry and incomplete. He includes in his performance the five variations which Schumann suppressed but which Brahms later rescued for the posthumous Complete Edition of 1873—although these days that is almost standard practice, if only because omitting them means omitting such a wealth of great music.

Bolet's Schumann recital, also from Decca, takes us back to another age of music-making, and to another keyboard sensibility entirely. He makes no more concession to easy sentiment than Ashkenazy, and neither is there in his approach any trace of obvious "salon" style—yet every page of his *Carnaval* is alive and shimmering, a palette of half-lights and half-tunes mixed with brilliant sparks of primary colour.

The very *feel* of the music is more experimental, adventurous. Bolet's C major Fantasy is a more intimate kaleidoscope of questioning and confession: but it has grandeur too in its yearning. He moves the music in and out of the shadows like a conjurer, but there's no cheating—the big coda to the second movement in which everyone comes unstuck outside the recording studio is uncompromising, slower than some, but relentlessly firm. And Bolet is the only pianist I know who lets the first notes of the finale emerge *attacca*, breathlessly pianissimo, from the endlessly held final chord of the second—a stunning effect that may not be "correct" but is absolutely authentic, and the purest Schumann.

Bolet's "encore" disc, far from being a catalogue of tongue-in-cheek virtuoso lollipops, is a recital of a dozen and a half of his favourite shorter pieces, with a handful of delectable sherbet fizzes thrown in to complete the picture — where after all would a Bolet recital be without an Albeniz/Godowsky *Tango* or a Moszkowski *Jonquiers* somewhere along the line?

Both Godowsky and Moszkowski make jubilant appearances; but perhaps the most memorable parts of the sequence are those which confirm Bolet as the romantic miniaturist par excellence, intensely serious, and with a sensibility of knife-edge refinement. There are ravishing accounts among a group of eight Chopin pieces of the E flat and F sharp Nocturnes; a glittering Mendelssohn *Rondo Capriccioso*; and of the Godowsky arrangements, an exquisitely lazy, sun-drenched Albeniz *Tango* and an irresistibly perfumed transformation (the Godowsky treatment is entirely at home here) of Strauss's *Ständchen*.

Dominic Gill

WEEKEND FT

• SPORT •

Ben Wright reports that American professional golf increasingly is one sport where the brawn and muscle of big men do not dominate

Small is beautiful on the US tour

IN AN era which has seen the increased dominance of giant-sized athletes in American professional sport, golf is becoming almost the last bastion of hope for the small of stature and the lanky lightweight. By some strange coincidence, the early weeks on the European tour saw Welshman Ian Woosnam, the smallest of all at 5 ft ½ in, establish a commanding lead in the race for Ryder C up points.

The early part of the US season was similarly dominated by Corey Pavin, a Californian who lists his height at 5 ft 9 in and who tips the scales at a fraction under 10 stone. Pavin and Woosnam both won two tournaments in their respective arenas.

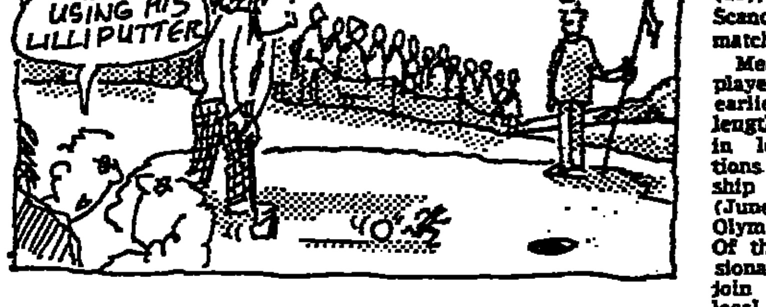
Nor have I forgotten that Jeff Sluman, who stands under 5 ft 7 in and weighs 9½ stone, attempted a David-against-Goliath act in the play-off for the Tournament Players' Championship in Florida, but was defeated by the big fellow, Sandy Lyle of Scotland.

Pavin's consequent slump has allowed the almost painfully thin (by his own admission) and lanky Paul Azinger to take over at the top of the money list in the US, while Taiwan's T. C. Chen, who weighs only just over 10 stone, won in Los Angeles. Augusta's own Masters champion, Larry Mize, is hardly a heavyweight at 11 stone. Meanwhile, a solid performance to tie for fourth place behind Azinger, another dual winner, in Las Vegas enabled Scotsman Ken Brown recently to win $55,000, the biggest cheque of his life. He is just under 11 stone dripping wet.

I am most impressed by the wiry Brown, who was a member of the victorious European Ryder Cup team in 1985. This week he was lying 27th on the American money list, and in 12 tournaments has won nearly $140,000, almost twice as much as he earned on the US tour last year which was his best of three. I would not be surprised to see him win a US tournament sooner rather than later.

Another significant fact is that seven nationalities were represented in the top 30 money-winners this week. Besides Brown and 23 Americans, there were West Germany's Bernhard Langer (12), Australian Greg Norman (14), Lyle (15), South African David Frost (16), Chen (17) and Spain's Seve Ballesteros (22nd in only five events against leader Azinger's 13 appearances).

The spread of international interest in a presently booming sport is quite remarkable. For instance, the top 20 in the European race for Ryder Cup points on May 11 comprised two Welshmen, Woosnam and Mark Mouland (17), Scotland's Sam Torrance (4) and Gordon Brand Jnr (12), Spain's Ballesteros (3), Jose Rivero (6), Manuel Pinero (9), Miguel Martin (10), Jose-Maria Canizares (14) and Jose-Maria Olazabel (19), England's Howard Clark (5), Mark James (7), Nick Faldo (8), Peter Baker (16) and Gordon J. Brand (18), Northern Ireland's Ronan Rafferty (11) and Ireland's Des Smyth (20). Perhaps most surprisingly, the list also included Sweden's Mats Lanner (2) and Ove Sellberg (15), bidding to become the first Scandinavians to play in the match.



Meanwhile, 5,542 golfers played 36 holes in a day earlier this week across the length and breadth of the US in local qualifying competitions for the Open championship to be played next month (June 18-21) at the beautiful Olympic Club in San Francisco. Of those amateurs and professionals, just 504 survived to join 96 more exempt from local qualifying in sectional qualifying rounds on June 8 and 9.

Another 58 players, the star performers from around the globe, are exempt from both qualifying tournaments. In short, 600 golfers out of a record entry of 5,696 will fight for just 96 places in the championship proper at 12 locations next month.

The Olympic Club boasts two 18-hole courses, Lake and Ocean. The former, 6,709 yards long and par 70, has been the site of perhaps the two greatest upsets in the history of the championship. In 1955, Ben Hogan was being congratulated on a record fifth Open victory, and had donated his golf ball for exhibition at the headquarters of the US Golf Association, when Jack Fleck, a little-known professional from a public course in Davenport, Iowa, birdied two of the last four holes to tie with the great man. The following day, Fleck amazingly beat Hogan over 18 holes, 69 to 72, a 'crime' for which he has never been forgiven.

In 1966 Arnold Palmer, in pursuit of a record-winning aggregate, fell apart completely, throwing away a seven-stroke lead over Billy Casper with nine holes to play. In the play-off the following day, Palmer turned for home two ahead and contrived to lose by four shots, 69 to 73.

So what extraordinary happenings will hit us next month? How about this scenario? A tiny assistant professional from Sioux Falls, South Dakota, aged 22, height 5 ft 5 in and weighing just under nine stone, chips in from 25 yards downhill all the way from behind the 18th green to edge Greg Norman by a single shot. Nothing would surprise me less, the way these small, skinny people are taking over big-time golf.

● If Britain's amateur challengers for the Walker Cup can triumph next weekend at Sunningdale in Berkshire, it would be the first time this trophy and the Ryder and Curtis Cups had resided in British hands at one and the same time — a mind-boggling thought that, more than any other, signals the end of America's domination of the sport since the 1920s.

John Barrett previews the 57th annual tennis championships in Paris

The debt France owes its Musketeers

THE SWEDISH and German flags should be flying high over a leafy corner of the Bois de Boulogne in southwest Paris two weekends from now when the $2.4m prize money is split among the winners of the 57th French tennis championships, which open on Monday.

Mats Wilander, who followed in Bjorn Borg's footsteps in 1982 by becoming the youngest-ever French champion, aged 17, and then won again in 1985, seems to have regained his best form. Since his marriage in January, Mats is altogether happier and more purposeful.

World champion Ivan Lendl, on the other hand, looks anything but confident following a knee operation. I think, therefore, that Mats, who is seeded four, will win for the third time. The best outsider is the No 5 seed, Miloslav Mecir; the mysterious Czech is the one person who might upset Wilander.

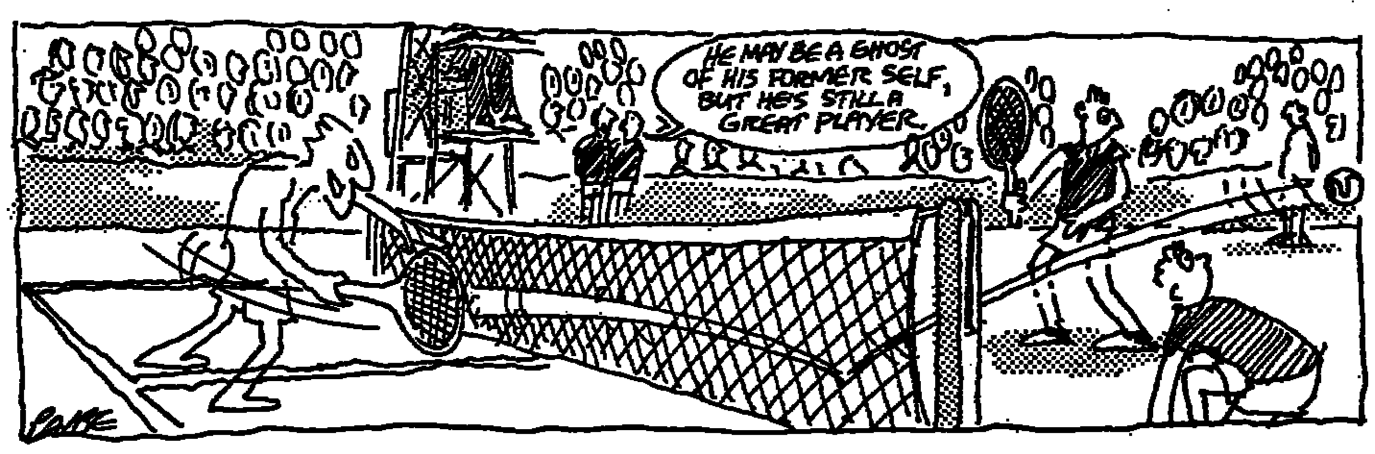
Equally, I believe Steffi Graf's time has come. Following her performance last year when she won eight tournaments, the 17-year-old West German has remained undefeated in 1987 after six tournaments and 32 matches and is now ranked No 2 in the world. She looks stronger, too, and now hits her backhand almost as hard as that fearsome forehand.

Having in March seen her demolish Martina Navratilova and Chris Evert (who has dropped the "Lloyd" following her recent divorce) back-to-back in Key Biscayne, Florida, for the loss of a paltry eight games, I am convinced that the new era has already arrived. Doubtless Martina and Chris do not agree with me. We shall see.

The best outsider? Well, the 16-year-old Argentinian, Gabriela Sabatini, although seeded only eight, has a win over Navratilova this year and has twice taken sets from Graf. In fact, at Hilton Head last month, significantly on clay, she came within a whisker of winning. However, her time has not yet arrived.

How exhilarating, though, to see the youngsters at last beginning to bring new interest to the women's game, which had become rather boring in its predictability.

In recent years, the French championships have become the most sophisticated of the four



Grand Slam tournaments, and now attract crowds of more than 300,000 for the 14 days of play. An ambitious building programme, begun in 1979 and costing some FFr 84m, has transformed a dusty site with crumbling concrete stands into Europe's leading national tennis centre

The offices of the Federation Francaise de Tennis occupy the southern end of the refurbished centre court, which holds 16,000 spectators. A beautiful oval No 1 court, completed in 1980 and seating 4,500, houses the European offices of the Men's International Professional Tennis Council and offices for the two players' associations, while a new training building houses the FFT school, complete with gymnasium and dormitory facilities.

However, the ambitious officers of the FFT are still not satisfied. Over the next two years a further FFr 70m will be spent on improvements, mostly on rebuilding the main sections of the centre court.

The original structure was opened in 1928, six years after the All England Club moved to their present premises in Church Road, Wimbledon, from the original site in Worple Rd. Those were the days when France ruled the tennis world. The all-conquering Suzanne Lenglen, who had blazed the trail early in the 1920s, turned professional in 1936 and never played at Roland Garros. But the Four Musketeers who followed—Borotra, Brugnon, Cochet and Lacoste—filled the stands and created a following for tennis in France that has never died. Today, tennis is the second most popular sport in the country behind football, and the clubs are busy and prosperous.

Few of the fit young athletes who will chase the 30,000 tennis balls around the 19 slow, red-clay match and practice courts over the next fortnight will realise what a debt they owe to the Musketeers, only two of whom are still alive. "Toto" Brugnon, the doubles expert, died in 1978 but is remembered by the event for past champions that bears his name.

This invitation doubles tournament always makes the second week in Paris such a nostalgic occasion as the Stolles and Rosewalls, the Gimenos and Okkers, the Santanas and Pietrangelis—all a little fuller round the middle these days—continue to delight us.

Henri Cochet, who died last month after a long illness, was one of those rare geniuses who made up the game as he went along—rather like Ilie Nastase did in a later age. I once played against the great man in a small post-war tournament in Harrogate, Yorkshire, when he was long past his best. Despite the disparity in years, all too often I found myself late to the ball, and occasionally I would set off in one direction while the ball was going in the other.

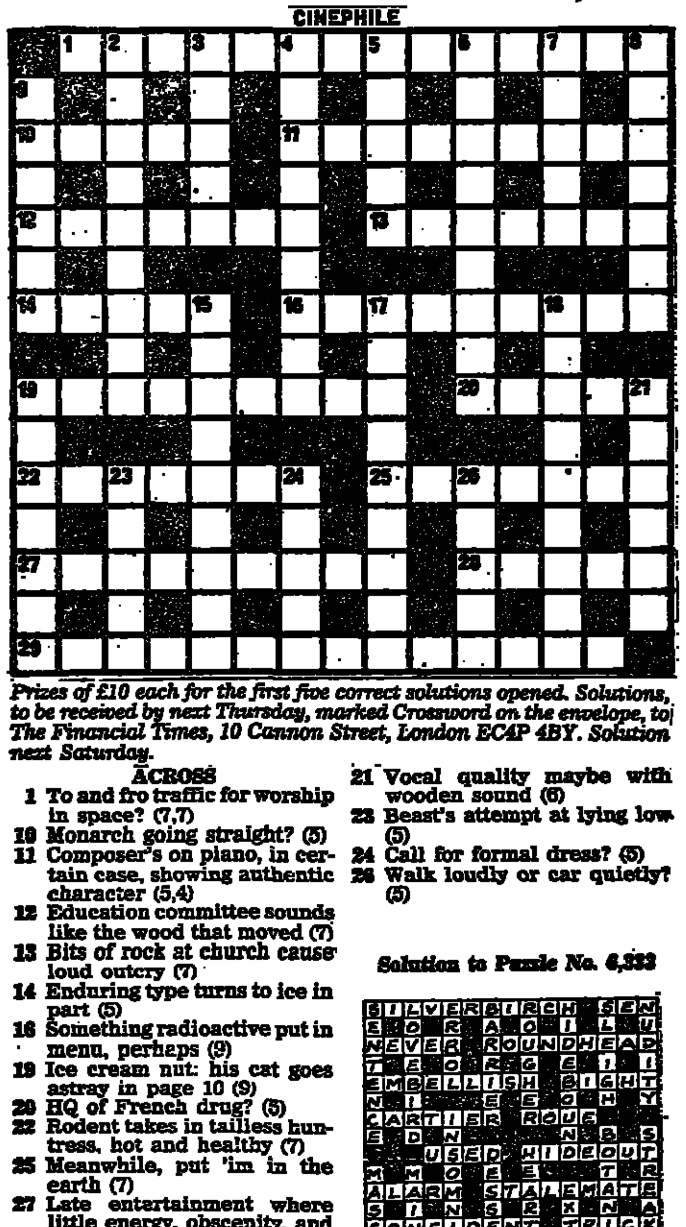
It was easy to see how his disguise and effortless timing of the early ball had frustrated all the big hitters of his day, and easy to understand how he had won the French championship four times, Wimbledon twice, and the US title once.

Even fewer of the game's fans realise that the French championships, the unofficial world titles on clay, are the youngest of the four Grand Slam events. First, of course, was Wimbledon, where the world's first tournament was held in 1877 at Worple Road. Second came the US championships, which began in 1881, while the first Australian event was held at the Warehouseman's Cricket Ground in Melbourne in 1905.

Between 1891 and 1924, the French titles were open only to members of French clubs. In 1925, entry was at last opened to all amateurs; and in that year the relentlessly accurate Rene Lacoste won the first of his three titles. In fact the Musketeers shared the singles until 1933 when Jack Crawford raised the first Australian flag over the five-year-old Stade Roland Garros.

FT CROSSWORD PUZZLE No. 6,334

CINEPHILE



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to: The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

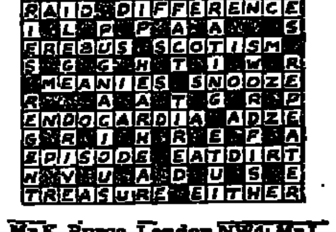
ACROSS

1 To and fro traffic for worship in space? (7,7)
10 Monarch going straight? (5)
11 Composer's on piano, in certain case, showing authentic character (5,4)
12 Education committee sounds like the wood that moved (7)
13 Bits of rock at church cause loud outcry (7)
14 Enduring type turns to ice in part (5)
16 Something radioactive put in menu, perhaps (9)
19 Ice cream nut: his cat goes astray in page 10 (9)
20 HQ of French drug? (5)
22 Rodent takes in tailless huntress, hot and healthy (7)
25 Meanwhile, put 'im in the earth (7)
27 Late entertainment where little energy, obscenity, and liquor return (5,4)
28 Sound of change in church (5)
29 Public relations giants back non-U actors, which shows how they are getting on (8,6)

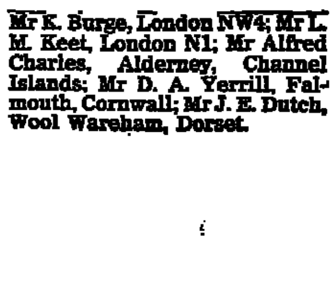
DOWN

2 Louis' hair treatment is very funny (9)
3 Light held by lover (5)
4 Holy day, briefly, in wood strip recently (4,5)
5 Greek island where bodies turn up (5)
6 Suggestion of baseball score given deceitfully (3,6)
7 Currently employed in, minus 8 (2,3)
8 In reach of plums, women overact (7)
9 Southern mount, hell before motor transport (6)
15 Person of hieroglyphic quality (9)
17 The money-maker has the right of it—look around (9)
18 Roman emperor, a fiend, takes time on a hill (9)
19 Vegetable of standard cut (7)
21 Vocal quality maybe with wooden sound (8)
23 Beast's attempt at lying low (5)
24 Call for formal dress? (5)
26 Walk loudly or car quietly? (5)

Solution to Puzzle No. 6,333



Solution and winners of Puzzle No. 6,328



Mr K. Burge, London NW4; Mr L. M. Keet, London N1; Mr Alfred Charles, Alderney, Channel Islands; Mr D. A. Yerrill, Falmouth, Cornwall; Mr J. E. Dutch, Wool Wareham, Dorset.

TELEVISION AND RADIO

SATURDAY

BBC 1

† Indicates programme in black and white

8.30 am The Family-Ness. 8.35 Dogtanian and The Three Muskehounds. 9.00 It's Wicked! 10.37 Weather. 10.40 Grandstand including at 1.00 News Summary: 10.45 Cricket: England v Pakistan from Trent Bridge in the Texaco Trophy International; 1.05 World Cup Rugby (France v Scotland, Australia v England, Italy v New Zealand and action from Romania v Zimbabwe); Racing from Haydock; 1.35 World Cup Rugby; 2.00 Racing; 2.35 Football (Scotland v England from Hampden Park, Glasgow). 4.40 Final Score. 5.05 News. 5.20 Regional programmes. 5.25 Oliver Twist.

5.55 SOS Star Awards 1987. 6.50 Film: "Grease" starring John Travolta and Olivia Newton-John. 8.35 Bob Says Opportunity Knocks. 9.25 News and Election 87. 10.00 Cagney and Lacey. 10.50 Sports Special.

BBC 2

2.20 pm Golf: The Whyte and Mackay PGA Championship and International One-Day Cricket from Trent Bridge (England v Pakistan for the Texaco Trophy). 7.20 Newsview. 8.00 A Man of Substance. 8.35 German Festival Review: Berlin. 9.40 A Dorothy L. Sayers Mystery. 10.35 Did You See . . . 11.15-1.05 am Film: "The Drowning Pool" featuring Paul Newman, with Joanne Woodward and Tony Franciosa.

LONDON

6.55 am TV-am Breakfast Programme. 9.25 Get Fresh. 11.30 Terrahawks. 12.00 News. 12.05 pm Wrestling. †1.00 Blondie for Victory. 2.15 Comedy Classics: Doctor in the House. 2.45 Gymnastics—The European Championships. 5.00 News. 5.05 The Grumbleweeds Show. 5.35 ALF. 6.05 The A-Team. 7.00 The Birthday Show. 7.45 The Price is Right. 8.45 News and Sport. 9.05 CATS Eyes. 10.05 The Late Clive James. 10.50 LWT News Headlines, followed by Australia 200: "Gallipoli," starring Mel Gibson. 12.50 am Tina Turner at Devil's Lake.

CHANNEL 4

9.25 am Pets in Particular. 9.50 4 What It's Worth. 10.20 The Living Body. 10.45 The World—A Television History. 11.15 The Life and Times of Lord Mountbatten. 12.15 pm Isaura the Slave Girl. 12.55 World of Animation. †1.05 "Three Cases of Murder," starring Orson Welles, Alan Badel, John Gregson and Elizabeth Sellars. †3.00 "The Demi-Paradise," starring Laurence Olivier. 5.05 Brookside Omnibus. 6.00 Right to Reply.

6.30 News. 7.00 Ourselves and Other Animals. 7.30 Roosevelt's Children. 8.30 Robinson Country. 9.00 Nights and Days. 10.05 Election Brief. †10.20 "Bunny Lake is Missing." Laurence Olivier stars with Carol Lynley, Noel Coward and Martita Hunt. 12.20 am Don't Miss Wax. 1.00 "The Eight-Wheeled Beast" (Il Bestione) (subtitled).

S4C WALES

†12.05 pm Feature Film: "A Window in London." 1.30 Great Walks. 2.00 Countdown. 2.30 The Late Late Show. 3.30 Back to the Roots. †4.00 Car 54, Where Are You? 4.30 Llunlau Dydd Llun. 4.40 Yoshiko. 5.05 Triorongl. 5.30 The World at War. 6.30 The Wine Programme. 7.00 Newyddion Saith. 7.35 Te Maori. 8.05 Y Byd Ar Bedwar. 8.35 Chiz. 9.05 Rude Health. 9.35 Cheers. 10.05 Etholiad '87. 10.15 When Reason Sleeps. 11.15 Chateauvallon.

IBA Regions as London except at the following times:

ANGLIA

1.00 pm Film: "White Witch Doctor" starring Susan Hayward. 12.50 am Marching Praise.

BORDER

2.15 pm Comedy Classic: Please Sir!

CENTRAL

1.00 pm Star Fleet. 1.30 The Incredible Hulk. 5.05 The A-Team. 6.00 Alf. 6.30 The Grumbleweeds Show. 12.50 am Prisoner Cell Block H. 1.45 "The Triple Echo" starring Glenda Jackson and Oliver Reed. 3.25 Rock of the Seventies. 3.55 Central News Closedown followed by Central Jobfinder '87.

CHANNEL

11.59 am Today's Weather. 2.15 Diff'rent Strokes. 12.50 The Style Council "Showbiz."

GRAMPIAN

1.00 pm Feature Film: "White Witch Doctor" starring Susan Hayward, Robert Mitchum and Walter Slezak. 6.05 Simon and Simon. 12.50 am Reflections.

GRANADA

1.00 pm Christopher Columbus. 5.05 A.L.F. 5.35 The A-Team. 6.30 The Grumbleweeds Show. 12.50 am Tales From the Darkside.

HTV

11.57 am HTV News. †1.00 "Above Us the Waves," starring John Mills and John Gregson.

HTV Wales—as HTV WEST except: 10.05-10.50 pm Rugby—The First World Cup.

SCOTTISH

1.00 pm Small Wonder. 1.30 The Love Boat. 2.25 The New Squadronaires. 12.50 am Late Call.

TSW

11.57 am TSW News. 1.00 pm The Saturday Matinee: "White Witch Doctor," starring Susan Hayward and Robert Mitchum. 5.05 TSW News. 5.07 Knight Rider. 5.35 The Grumbleweeds Show. 6.05 Blockbusters. 6.35 A.L.F. 12.50 am Postscript.

TVS

11.57 am TVS Weather. 2.15 pm Diff'rent Strokes. 12.50 am The Style Council. 1.30 Company.

TYNE TEES

2.15 pm Please Sir! 5.05 A.L.F. 5.35 The A-Team. 6.30 The Grumbleweeds Show. 12.50 am Poetry of the People.

ULSTER

11.58 am Lunchtime News. 2.15 pm Mr Merlin. 5.03 Ulster News. 5.05 A.L.F. 5.35 The Fall Guy. 6.30 The Grumbleweeds Show. 9.02 Ulster News.

YORKSHIRE

1.00 pm "White Witch Doctor," starring Robert Mitchum and Susan Hayward. 5.05 A.L.F. 6.35 The A-Team. 6.30 The Grumbleweeds Show. 12.30 am The Saturday Late Film: "The Detective," starring Frank Sinatra, Lee Remick, Jacqueline Bisset and Jack Klugman. 2.55 Jobfinder.

Stereo on VHF

BBC RADIO 2

7.30 am Steve Truelove (joining VHF). 8.05 David Jacobs. 10.00 Sounds of the 60s. 11.00 Album Time. 1.00 pm The News Huddlines. 1.30 Sport on 2 including Football (Scotland v England), Cricket (England v Pakistan), Golf (Whyte and Mackay PGA championship), Racing from Haydock Park, plus news of England and Scotland's opening matches in the Rugby Union World Cup, and the Milk Race. 6.00 Pop Score. 6.30 Old Stagers. 7.00 The Press Gang. 7.30 The Glory that was Gershwin. 8.30 String Sound. 10.05 Martin Kelner. 12.05 am Night Owls with Dave Kelly. 1.00 Steve Madden presents "Nightride." 3.00-4.00 A Little Night Music.

BBC RADIO 3

7.00 am News. 7.05 Aubade. 8.00 World Service News. 9.00 News. 9.05 Record Review. 10.15 Stereo Release. 11.25 Chicago Symphony Orchestra: Fauré (Suite: Pelleas et Melisande), Ravel (Piano Concerto in G, with Alicia de Larrocha); (12.10 pm Interval Reading). 12.15 Copland (Symphony No. 3). 1.00 News. 1.05 Early String Quartet. 2.00 Spring and Fall. 3.00 Eugen Jochum Conducts: Beethoven (Leonore Overture No. 3, mono), Haydn (Symphony No. 101, Clock) and Brucknerd (Symphony No. 8). 5.00 Jazz Record Requests. 5.45 Critics Forum. 6.35 Liszt and his Contemporaries. 7.30 Los Angeles Philharmonic Orchestra, conducted by André Previn, direct from the Royal Festival Hall, London, part 1: Shostakovich (Symphony No. 1). 8.05 Ounces of Example. 8.25 Concert, part 2: Elgar (Symphony No. 1). 9.15 The Tigon and the Miracle Tree by Oskar Kokoschka. 9.25 Almeida Festival 1986: BBC Singers and the Almeida Festival Players. 11.10 Another World (Music from Iran). 11.57-12.00 News.

Medium wave as above except: 10.40 am-7.30 pm Cricket: England v Pakistan from Trent Bridge.

BBC RADIO 4

7.00 am Today. 9.00 News. 9.05 Sport on 4. 9.30 Breakaway. 10.00 News; Loose Ends with Ned Sherrin. 11.00 The Politics of Choice. 11.25 From our own Correspondent. 11.55 The Weekend on 4. 12.00 News: Money Box. 12.27 pm Just a Minute! 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News: Alistair Cooke's American Collection. 2.30 The Afternoon Play (S). 3.45 God's Acre. 4.00 News: International Assignment. 4.30 Science Now on Mauna Kea.

5.00 The Living World. 5.25 Week Ending. 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.00 News: Sports round-up. 6.25 Stop the Week with Robert Robinson (S). 7.00 Saturday Night Theatre (S). 8.30 Baker's Dozen (S). 9.30 Thriller! 9.50 Ten to Ten (S). 9.58 Weather 10.00 News. 10.15 Saturday Feature (S). 10.45 Flashback. 11.00 The Wordsmiths at Gorsemere (S). 11.30 The Party Party (S). 12.00-12.15 am News.

SUNDAY

† Indicates programme in black and white

BBC 1

8.55 am Play School. 9.15 Articles Of Faith. 9.30 This is The Day. 10.00 Just Three Weeks in Summer. 10.30 Mirco Fris 2. 10.55 Claire Rayner's Casebook. 11.20 You In Mind. 11.30 The Goode Kitchen. 11.45 Discovering Portuguese. 12.10 pm See Hear. 12.35 Farming. 12.58 Weather for Farmers.

1.00 This Week Next Week. 2.00 Eastenders. 3.00 Film: "The Heroes Of Telemark," starring Kirk Douglas with Richard Harris, Michael Redgrave and Ulla Jacobson. 5.10 Children Of Courage. 5.50 The Animals Roadshow. 6.25 News. 6.40 Praise Be! 7.15 Hi-De-Hi! 8.15 The District Nurse. 9.10 Mastermind. 9.40 News. 10.00 That's Life! 10.45 When I Get To Heaven. 11.20 Discovering Portuguese. 11.45 Golf (highlights of the third round of the Whyte & Mackay PGA Championship).

BBC 2

1.30 pm Sunday Grandstand including 1.30 Cricket. (Glamorgan v Yorkshire in the Refuge Assurance League); 3.30 Golf. (Round 3 of the Whyte & Mackay PGA Championship). 5.00 Cricket: 6.30 Football (The story of Wimbledon's rise to the First Division and its prospects). 7.15 Reflections Of Gold. 7.45 Theatre Night: "What The Butler Saw." (Dinsdale Landen, Prunella Scales and Timothy West in this production of Joe Orton's comedy). 9.10 The Brighton Festival. 10.00-12.00 Film: "It Only Hurts When I Laugh," starring Kristy McNichol, James Coco and Joan Hackett.

LONDON

6.55 am TV-am Breakfast Programme. 9.25 Wake Up London. 9.30 Disney's Adventures of the Gummi Bears. 10.00 Get Fresh. 10.30 The Adventures of Black Beauty. 11.00 Morning Worship. 12.00 Weekend World. 1.15 pm Police 5. 1.30 The Smurfs. 1.45 Link. 2.15 LWT News Headlines followed by Gymnastics—The European Championships. 2.45 Athletics—The HFC United Kingdom Championships.

4.30 Supergran. 5.00 Show Me. 5.30 Survival Special. 6.30 News. 6.40 Highway. 7.15 Tarby's Frame Game. 7.45 Dreams Lost, Dreams Found. 9.35 News. 9.55 Laurence Olivier—A Life (Part 1). 11.25 LWT News Headlines followed by The Silk Road. 12.20 am Derrick.

CHANNEL 4

9.25 am Deewarein. 10.00 The World This Week. 11.00 Superchamps. 11.30 The Owl Service. 12.00 Network 7. 2.00 pm The Pocket Money Programme. †2.30 "Uncle Vanya" starring Laurence Olivier, Michael Redgrave, Joan Plowright and Sybil Thorndike. 4.30 Woody Woodpecker. 4.45 Early Musical Instruments.

5.15 News. 5.30 The Business Programme. 6.15 Swimming: Speedo Fast Water Meet. 7.15 The World At War. 8.15 Dance On 4: Waterproof & Un Presque Eteint. 9.10 When Reason Sleeps: A Summer Ghost. 10.10 "Phantom of the Opera." †11.50 The Twilight Zone.

S4C WALES

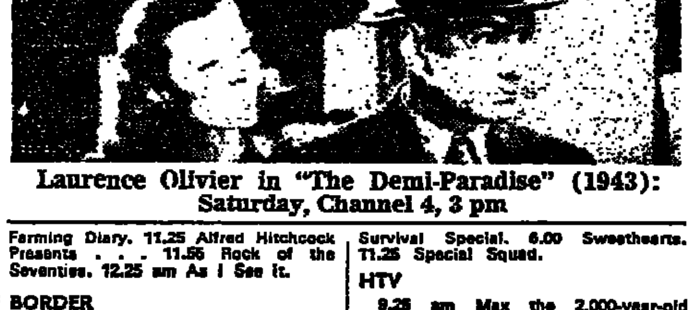
9.00 am Hafoc. 10.00 The World This Week. 11.00 Superchamps. 11.30 The Owl Service. 12.00 Network 7. 2.00 pm Century of the Crags. 3.00 Criced. 3.45 Car For Africa. 5.15 Criced. 7.00 Challenge To Sport. 7.20 Newyddion.

7.30 Cais Am Gan. 8.00 Fo A Fe. 8.30 Dechrau Canu, Dechrau Canmol. 9.00 Mwynhau'r Pethe. 9.30 Cwpan Rygbi'r Byd — Ar Badwar 10.00 Nights And Days. †11.00 Feature Film: "Bunny Lake Is Missing."

IBA Regions as London except at the following times:

ANGLIA

9.25 am Cartoon Time. 1.15 Anything Goes. 1.40 Weather Trends 1.45 Farming Diary. 11.25 Alfred Hitchcock Presents . . . 11.55 Rock of the Seventies. 12.25 am As I See It.



Laurence Olivier in "The Demi-Paradise" (1943): Saturday, Channel 4, 3 pm

BORDER

9.25 am Border Diary. 1.15 pm Farming Outlook. 11.25 The Silk Road.

CENTRAL

9.25 am Max The 2000 Year Old Mouse. 1.15 pm Link. 1.45 Here and Now. 5.00 Cloughie's Golden Oldies. 11.25 Prisoner Cell Block H. 12.20 am The Sci-Fi Movie: "The Dark." 2.05 The Euro Cops: Police Precinct. 3.00 Central News Closedown followed by Central Jobfinder '87.

CHANNEL

9.28 am Starting Point. 1.15 pm Les Francais Chez-Vous. 1.45 Conquering Cats. 6.25 Channel News Headlines. 11.25 The Silk Road.

GRAMPIAN

9.25 am Cartoon. 11.00 The Year Was—1960. 11.30 Church and Change. 1.15 pm Farming Outlook. 1.45 Sixth Sense. 5.00 Whose Baby? 12.25 am Reflections.

GRANADA

9.25 am Crystal Tipps and Alistair. 1.15 pm Aap Kaa Hak. 1.20 Easy Street. 1.50 This is Your Right. 6.00 Survival Special. 6.00 Sweethearts. 11.25 Special Squad.

HTV

9.25 am Max the 2,000-year-old Mouse. 1.15 pm Farming Wales followed by weather for farmers. 5.00 Mary. 6.35 HTV News. 11.25 Soccer (The Third Freight Rover Trophy).

HTV Wales—As HTV West except: 5.00-5.30 pm Fit for the Family. 11.25-12.25 am Downtown.

SCOTTISH

9.25 am Peter's Adventures. 11.00 Sunday Documentary on London Community Gospel Choir. 11.30 Farming Outlook. 1.15 pm The Glen Michael Cavalcade. 2.00 Scottish Assembly. 3.30 Athletics. 5.00 Survival Special. 6.00 Gymnastics. 11.25 Late Call. 11.30 Musical Special.

TSW

9.25 am Look And See. 1.15 pm The South West Week. 1.45 Farming News. 4.30 Gardens For All. 5.00 Supergran. 5.30 Survival Special. 6.35 TSW News. 11.25 The Outsiders. 12.20 am Postscript Postbag.

TVS

9.25 am Employment Action! 1.15 pm The South Decides Election Agenda. 2.00 World's Children. 6.25 TVS News 12.10 am Company.

TYNE TEES

9.25 am Hello Sunday. 1.15 pm Farming Outlook. 1.45 Rally Cross (Shell Oils British Open). 5.00 Northern Life-Sunday edition. 11.25 Face The Press. 11.55 Epilogue.

ULSTER

9.25 am Cartoon Time. 1.13 pm Lunchtime News. 1.15 Link. 1.45 Farming Ulster. 2.13 Farming Weather. 6.38 Ulster News. 9.52 Ulster News. 11.25 Sports Results. 11.30 Chalk and Talk—An Education Forum. 11.55 Festival Folk. 12.20 am News at Bedtime.

YORKSHIRE

9.25 am Cartoon Time. 1.15 pm Link. 1.45 Farming Diary. 5.00 Survival Special. 6.00 Sweethearts. 12.20 am Five Minutes. 12.25 Jobfinder.

Stereo on VHF

BBC RADIO 2

7.30 am Roger Royle says "Good Morning Sunday." 9.05 Melodies For You. 11.00 Desmond Carrington with your Radio 2 All-time Greats. 2.00 pm Stuart Hall's Sunday Sport (Medium Wave only). 2.00 Benny Green (VHF). 3.00 Alan Dell (VHF). 4.00 Reginald Leopold's 80th Birthday (VHF). 4.30 Sing Something Simple (VHF). 4.30 Charlie Chester with your "Sunday Soapbox." 7.35 Ian Wallace presents "Witches, Warlocks and Demons." 8.30 Sunday Half Hour. 9.00 Your Hundred Best Tunes. 10.05 Songs From The Shows. 10.30 Jazz Score. 11.00 Sounds of Jazz with Tony Russell, including after midnight the Duncan Lamont Big Band. 1.00 am Steve Madden presents "Nightride." 3.00-4.00 A Little Night Music.

BBC RADIO 3

7.00 am News. 7.05 Wilhelm Backhaus. 8.00 World Service News. 8.10 Musica Antiqua, Cologne. 9.00 News. 9.05 Your Concert Choice 10.30 Music Weekly 11.15 Walter Klien piano recital. 12.15 pm Brass and Strings. 1.15 Vishnevskaya and Rostropovich (Songs by Rimsky-Korsakov, Tchaikovsky, Glinka and Prokofiev). 2.20 Medici String Quartet: Beethoven (Op 135) and Britten (No 3). 3.15 Baltimore Symphony Orchestra direct from the Royal Festival Hall, London, part 1: Christopher Rouse ("Bump"), Mozart (piano Concerto No 25, with Radu Lupu). 4.05 A Musical Friend. 4.25 Concert, part 2: Schumann (Symphony No 2). 5.10 Budapest Wind Ensemble. 5.30 The Little Platoon—The Long Struggle for the Falklands. 6.15 Sterndale Bennett and Haydn. 7.15 An Innocent Abroad. 7.30 BBC Philharmonic Orchestra in Montpellier (live relay), part 1: Walton (Overture: Scapino), Beethoven (Symphony No 1). 8.10 The Chinese Garden. 8.30 Concert, part 2: Mahler (Symphony No 4). 9.45 Man from Mann. 10.30 Music for Guitar. 10.50 Bournemouth Sinfonietta Plays Mozart. 11.57-12.00 News.

BBC RADIO 4

7.00 am News. 7.10 Sunday Papers. 7.15 On Your Farm. 7.40 Sunday. 8.50 The Week's Good Cause. 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter From America by Alistair Cooke. 9.30 Morning Service. 10.15 The Archers (Omnibus edition). 11.15 Pick Of The Week (S). 12.10 pm It's Your World. 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 News: Gardeners' Question Time. 2.30 Lord Of The Rings (S). 3.30 The Radio Programme. 4.00 News: The Food Programme. 4.30 The Radio Correspondents.

5.00 News; Travel. 5.05 Down Your Way. Brian Johnston in his last programme, visits Lord's, the headquarters of the MCC. 5.50 Shipping forecast. 5.55 Weather; Travel. 6.00 News. 6.15 Rogues' Gallery. 6.30 Rebels of the Earth. 7.00 Ann Veronica by H. G. Wells (S). 8.00 Bookshelf. 8.30 RSC in Repertoire. 9.00 News: Concerto (S). 9.58 Weather; Travel. 10.00 News. 10.15 The Sunday Feature (S). 11.00 Seeds of Faith. 11.15 Actuality. 12.00-12.15 am News.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Tuesday May 26 1987

INTERNATIONAL BONDS

Citicorp debt move gives FRNs a bumpy ride

IN THE good old days, worries of rising interest rates would have sent investors scurrying to the floating rate note market to protect their capital, writes Stephen Fidler in London.

Last week, as rumours were intensifying of a rise in the US discount rate, large sectors of the FRN market were having their bumpiest ride since the market collapsed in February.

This was caused by Citicorp's announcement that it would boost its loss reserves by $3bn to reflect its Third World debt. Three main reactions were evident in thin London trading last week.

Dealers in US bank floaters immediately decided to widen dealing margins. In the case of issues maturing in the 21st century, this was to ½ percentage point – in line with the notoriously illiquid market in perpetual floating rate notes.

The move ensured continuity in trading, but entailed a drop of liquidity hardly conducive to attracting retail investors.

The yield gap between sovereign and bank paper opened up significantly. Even by the end of the week, when many in the market had concluded that Citicorp's decision did not imply impending disaster for the banking system, this gap had not closed significantly and a two-tier market remained in evidence.

Clearly, though, Citicorp's move puts a lot of pressure on other major banks to follow suit. That sentiment hit not only the market for US bank paper but that for floaters issued by British banks in both sterling and dollars, although not to the same extent.

An unusual statement from the Bank of England signalled that it expected UK banks to bolster their reserves to cope with their sovereign debt problems. To some, it suggested that the common bank capital adequacy requirements now being put in place by the Bank and the US Federal Reserve suggest that a close linkage between the two systems can have its downside.

EUROMARKET TURNOVER
Turnover ($m)

Primary Market	Straights	Conv	FRN	Other
US$	812.3	220.2	231.0	5,123.3
Prev	3,302.5	200.4	–	4,230.5
Other	2,330.1	216.7	–	167.4
Prev	2,165.3	190.2	–	633.6
Secondary Market				
US$	24,887.4	2,075.3	8,366.2	4,579.7
Prev	22,302.5	1,704.7	8,120.6	5,034.3
Other	22,342.6	1,211.5	5,818.9	15,571.2
Prev	19,110.2	1,735.5	4,027.9	12,590.4

	Cedel	Euroclear	Total
US$	13,536.3	32,801.1	46,337.4
Prev	13,570.4	31,431.5	45,001.9
Other	16,753.3	31,305.1	48,058.4
Prev	15,071.8	25,380.3	40,452.1

Week to May 21 1987 — Source: AIBD

Some short-covering by dealers helped prices recover somewhat by Friday's close, but a malaise still hangs over a substantial sector of the market.

The problem is that investors on the retreat into assets priced off short-term interest rates are generally looking for two other qualities: safe-haven status and liquidity. Despite protestations to the contrary from Oslo, where bond dealers gathered last week for their annual convocation, large sectors of the FRN market provide neither right now.

The fixed rate dollar bond market also looks like a loser to many. When Citicorp made its move, US Treasury bond prices dropped two points, pushing the US long bond yield decisively through 9 per cent, and fixed-rate Eurobond prices fell by nearly the same amount.

The rationale in the inflation-rattled market was that troubles in the banking system meant that the Fed would not dare to tighten credit enough to squeeze out price rises.

Even if the Fed does not hold this view, the alternative picture barely looks more cheerful for bonds. A bond market rally is always difficult in an environment of rising short-term interest rates, even if those higher rates succeed in suppressing the market's two current fears – inflation and the prospect of a continued downward spiral in the dollar.

A poor outlook for fixed rate dollar bonds is not wonderful news for Eurobond issuing houses, but it is not quite enough these days to kill the Eurodollar new issues market stone dead.

Equity-linked issues continue to emerge, while inflations concerns assured a market for the continued trickle of issues with performance linked to precious metals. More gold-linked issues emerged, while there was a convertible for a US silver producer, Coeur d'Alene Mines.

Swiss investors seem to have regained their appetite for precious metals and there is often a Swiss connection in gold-linked issues. Union Bank of Switzerland (Securities) led two issues late in the week, one for $130m for Eastman Kodak and one for $100m for the triple-A rated Eksportfinans of Norway.

The two three-year issues were priced almost identically. The Eksportfinans issue was priced with warrants at 113.18, and without at 101.18, and carried a coupon of 9 per cent. Each $5,000 bond carries five warrants, each costing $120. Each warrant, with a two-year life, entitles the holder to the difference in cash between $475 – the strike price – and the price of gold. A 25 per cent premium is implied over the spot price on Friday.

AIBD CONFERENCE

No let-up expected in Eurobond market regulatory pressure

FRESH PRESSURES from regulators in London, and declining profits from traditional activities, are increasingly splitting up the interests of houses active in the once confident and freewheeling Eurobond market, writes Clare Pearson in Oslo.

So a sense of unease could not fail to emerge at the Association of International Bond Dealers' annual conference in Oslo last week, despite the deliberately diplomatic tones of most of the speakers and the genial chairmanship of Mr Arthur Schmiegelow, retired chief executive of Privatbanken.

Not that any outright disputes emerged to disturb members' minds as they wended their way from one drinks party to another. But for many participants this only added to the suspicion that, with the issues becoming so large and so divisive, from now on the really important decisions were going to be taken elsewhere.

The biggest single issue facing the market is the onset of regulation in London, and this has put the AIBD board on the defensive vis-a-vis its non-UK members. The problem is that perhaps 70 per cent of Eurobond business is conducted through London, while only a quarter of the association's membership is located there.

Even Mr Schmiegelow, while anxious to dispel the impression that any of the board's proposals were at the behest of the UK regulators, had to admit that the problems of the minorities, such as the London houses, needed to be looked at in the context of their contribution to the market as a whole, and not simply in terms of their voting power.

Mr Andre Large, who straddles the interests of the market and the regulators in his role as chief executive of Swiss Bank Corporation International and chairman of the Securities Association, the self-regulatory organisation which will authorise and monitor firms in London, stressed that it would be unrealistic to expect any let-up in regulatory pressures.

"The Eurobond market has become the victim of its own success," he said. "As its profile had risen, it had become politically impossible for legislators to stand by and allow it a freedom not afforded to the domestic markets.

He foresaw also that the reregulatory measures that have come to London would soon be mirrored in other countries that have made strides forward in liberalising their markets over the last few years.

The specific issues around which these remarks revolved was the AIBD board's twin projects to increase the transparency of the Eurobond market: the screen-based price quotation system, dubbed AIBDQ, which was shelved before the meeting because of opposition from members, and Trax, a computerised real-time trade confirmation system.

Advocates of the plans were at pains to stress that these had come about independently of UK regulation. Mr Stanley Ross, managing director of Deutsche Bank Capital Markets, said both Trax and AIBDQ had been conceived before the matter of UK investor protection legislation came up.

But Mr Large pointed out some sort of trade reporting system also happened to be vital to the UK's requirements, and therefore to the AIBD's application to become a designated investment exchange within the London structure.

Without such status, the London Eurobond market would have to report directly to the Securities and Investment Board, the umbrella regulatory body.

Opposition from the membership had led the board to shelve the AIBDQ scheme ahead of the meeting but progression of the Trax system was voted in almost unanimously.

This was chiefly because members are aware of the urgent need to cut down the number of failed trades. But the Trax system is also a key means of showing the UK regulators that the market has trade reporting systems in place.

The increased costs arising from regulation formed a theme taken by many speakers. And it was pointed out that these were being imposed at a time when the profitability of Eurobond business was under threat from the decline in the dollar and the fact that investors were being drawn away to the domestic markets.

As Mr Large summed it up: "The cost of operation is inevitably going to rise at a time when the chances of a bear market are higher than they have been for five years."

The mood was not wholly gloomy, however, with many speaking optimistically of the Eurobond market's capacity for innovation which had carried it through lean years before.

But participants noted that at least one leading house was adopting a much lower profile than normal at the Oslo conference. Perhaps it was saving itself for a really big splash at the more glamorous venue of Dallas next year.

Or perhaps it was signalling that with better opportunities available in the domestic bond market, and the equity markets, conferences on Eurobonds just did not rank that high on its list of priorities any more.

EUROCREDITS

Keener terms for Czechoslovakia

BY ALEXANDER NICOLL

MR HANNES ANDROSCH, who heads Creditanstalt, had two reasons to celebrate in Prague last week. He opened the Austrian bank's representative office there, and won the keenly awaited mandate for Czechoslovakia's $200m loan.

Terms on the loan have not been disclosed but they are believed to include a 10-year maturity and a margin above London interbank offered rates of 12.5 basis points throughout.

From the borrower's viewpoint, this is an improvement from last year's $100m deal, which carried a 12.5 spread for four years rising to 25 for the remaining four.

Several banks, however, will not be in a position to object since a number of bids for the mandate went in at similar levels.

Czechoslovakia is a rare borrower and many banks are likely to have room to increase their exposure. This may be less true for Hungary, which is on the point of formally mandating its $400m loan, scaled down from $500m.

The lucky winners of this bidding contest are widely expected to be a group of five banks: Arab Banking Corporation, Deutsche Bank, Long-Term Credit Bank of Japan, Morgan Guaranty and National Westminster.

Chemical Bank is leading a $250m 10-year loan for National Aluminium Company of India, with the larger $229m tranche carrying a 25 basis point spread for six years and 37.5 thereafter, and a $21m Belgian tax-spared portion carrying a margin of just 1 basis point.

There is a 12.5 basis commitment fee and underwriting fees ranging up to 8.5 basis points.

First National Finance Corporation, a UK finance company, has mandated Bank of America International to arrange a £36m five-year loan with a margin over Libor of 20 basis points, with the borrower undertaking to pay UK banks' reserve asset costs. Front-end fees range up to 8.75 basis points.

Aga, the Swedish gas producer, is the latest borrower to arrange a Euro-medium note programme. Its $100m programme has Enskilda Securities, Merrill Lynch Capital Markets and Svenska Handelsbanken as dealers.

Banque Paribas increased a £250m revolving credit for Britain's National Home Loans to £300m. Eurofima, the railway financing concern, has signed a Y4.3bn seven-year 5.2 per cent club loan led by Meiji Mutual Life Insurance and Mitsubishi Bank.

Henkel sees advance

BY ANDREW FISHER IN FRANKFURT

HENKEL, the West German chemicals company which has been building up its foreign interests, is expecting a further improvement in results this year, according to Mr Helmut Sihler, chairman.

Turnover in the first four months rose by 1 per cent, with an actual volume growth of 4 per cent. Without the further rise in the D-Mark, the turnover rise would have been 8 per cent.

Mr Sihler said the group would benefit this year from its recent purchases in the US of Oxy Process Chemicals (making special products for the textile, paper, leather and other industries) and Parker Chemical (metal surface treatment).

Henkel has already declared an increased dividend on the preferred shares, which are publicly-held, of DM 7.50 for the full year.

INTERNATIONAL CAPITAL MARKETS

UK GILTS

Investors prefer to sit it out until much nearer polling day

THE UK Government bond market settled into quiet torpor *last week as the election campaign* got ino full swing, coming to life only briefly when a couple of opinion polls showed Labour closing the gap on the Conservatives.

The week was characterised by a lack of retail interest as investors preferred to sit it out until much nearer polling day, if not until after the result is known. Even professional dealing was at a low ebb against the background of an altogether less eventful currency market.

Expectations of a further cut in base rates waned during the week. April's money supply figures gave a mixed picture with bank lending happily falling back but Mo accelerating. The fact that lending was dominated by the personal sector highlighted concerns expressed recently by the Governor of the Bank of England about asset prices and the buoyancy of credit and seemed to lend support to official caution about lower interest rates.

The key fact that the pound last week never seriously tested the DM 3 level coupled with the robustness of the Bank of England's stand against market pressure for lower rates in recent weeks also well and truly dampened expectations of further base rate falls.

The long end of the money market stands well above the current base rate level of 9 per cent, although the short end technically still discounts a further base rate cut to 8½ per cent.

The softness of short rates is partly because of the substantial influx of sterling into the banking system due to the Bank's substantial intervention against the pound on foreign exchanges recently.

As the Bank has mopped up this extra liquidity, the bill mountain has steadily been reduced into nothing more than a hillock, a fact which is clearly behind the decision to raise the amount of Treasury bills available at the tenders last week and this. This was seen as a further signal that the Bank of England wants to hold base rates where they are.

The amount sold at the weekly tender had stood at *£100m since October 1981. Last* week, £250m was on offer and £400m will be for sale at this week's tender.

Gilts traded in a narrow range last week, touching yields of around 8.95 per cent at the longer-dated end when the market was at its weakest. This sort of level seemed to attract reasonable demand and, unless there is a strikingly good poll for either of the opposition parties, yields should hold below 9 per cent. On the other hand, there is little momentum for a move in yields substantially below current levels given the uncertainty of an election campaign.

The fact that most of the latest tap stock maturing in 2002/06 is still on the Bank of England's books is also acting as a dampener on the market's progress.

The Eurosterling market is currently sharing the rather lacklustre performance of the gilt-edged sector although a widening of the yield spread over gilts to historical highs at the next-century end of the maturity spectrum has cleared some of the acute indigestion that had been felt.

However, the five to seven year area remained congested, with much recently issued paper reported to have remained in the hands of lead managers.

This year has seen a marked change in the proportion of sterling fixed interest issues taken up by Eurosterling and gilts. Eurosterling issues accounted for *around 17 per cent* of new issues and gilts 83 per cent in 1986 as a whole. However, the first four months of this year has seen Eurosterling issues account for 35 per cent of new stock compared with 65 per cent for gilts.

The upsurge in the popularity of the Eurosterling market can to a large extent be traced to the overall strength of the sterling market with yields falling to historically low levels, although the prospect of a low government gilt funding requirement may have given this sector an added push.

Janet Bush

US MONEY AND CREDIT

Earlier losses mostly retraced

AFTER the bombshell from Citicorp on Tuesday, there was nothing else for it: the long bond yield broke through the 9 per cent mark even before Mr John Reed, chairman of the biggest US bank, made his momentous announcement of a $3bn addition to the loss reserves for Third World loans. To judge by the market's behaviour on Wednesday morning, that 9 per cent yield level —left behind in the great bull surge of February last year—was expected to become a permanent fixture.

At first sight, there seemed to be a clear rationale behind the market's plunge on Tuesday. The calm which was returning on both the interest rate and currency fronts was predicated, as always, on the inflation-fighting credentials of Mr Paul Volcker, the chairman of the Fededal Reserve Board. Since his famous "cross my heart and hope to die" statement of April 30 about stabilising the dollar, the markets have assumed that monetary policy would, if necessary, be tightened to defend the dollar and protect Mr Volcker's anti-inflationary achievements.

The prospect of a tightening might not have been particularly alluring in itself, but at least it seemed to offer some reassurance that fixed interest investors would in the long term be spared from the kind of inflationary bloodbath they suffered in the 1970s. Provided that horrible possibility could be ruled out, bond yields in the high 8 per cent range would surely look attractive as a long-term-investment, even in a currency which may have further to fall before it reaches a fully competitive level.

With the Citicorp announcement, however, all th—ese assurances seemed to evaporate, at least in the mind of the market. Now, the argument ran, there could be no confidence in a monetary tightening, regardless of the prospects for inflation and the dollar. For any move towards higher interest rates would bring the Third World debt crisis back with a vengence. With the Fed's hands tied, there would be no defence against inflation or foreign exchange chaos—and even a 9 per cent bond yield seemed on Tuesday to offer scant compensation for a risk like that.

In the weeks ahead, investors are likely to start dissecting this argument more closely, and there have already been several developments to put concerns about the Third World debt crisis in a better perspective.

If further signs of economic slowdown materialise, the Fed is going to be reluctant to tighten, with or without Third World debt worries. This was made plain in the Federal Open Market Committee minutes from March 31, released on Friday. Although the committee agreed unanimously on "limited" tightening if the dollar showed significant weakness, there were clear misgivings about the scope for such an action.

"Some members emphasised the desirability of relatively prompt, if limited, action to enchance the prospects for more stable exchange rates and also to reduce the need for stronger measures in the future." Others, however, "preferred to move with relative caution, if at all, in countering any further weakening of the dollar." In the end there was a consensus in favour of somewhat greater reserve restraint. But any such action would depend on "the behaviour of the aggregates, the strength of the business expansion, progress against *infla*tion and conditions in credit markets."

Economic statistics which came out on Friday suggested that all these factors must now be militating against a further tightening, however much the markets go on baying for a discount rate increase. The consumer price figures gave no signs of inflation breaking out beyond the 5 to 6 per cent annual level at which it has been stuck for three months.

The revision of gross national product figures showed a growth rate of 4.4 per cent in the first quarter, but the real news was an even bigger unintended inventory build-up than originally estimated. Many analysts in the market immediately started speculating about the possibility that the reaction to this inventory build-up could now produce the first zero-growth quarter in four years.

If the slide towards recession should start to become apparent, Third World debt would be the least of the reasons for avoiding a further tightening. On Friday, the market seemed to recognise this, retracing most of its earlier losses—and ending the week with the benchmark bond yield back below the 9 per cent mark.

* * *

Three economic indicators are due for release this week:

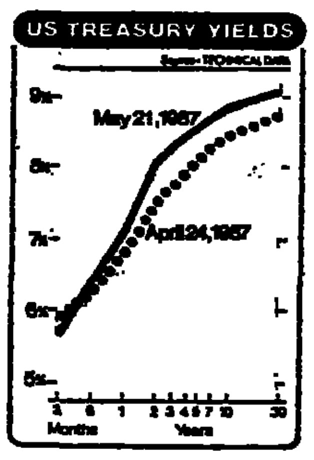
● Personal income and outlays for April (Tuesday 10 am) are expected to show increases of 0.6 per cent and 0.4 per cent respectively, according to the "consensus" view estimated by Smith Barney. Personal income increased by 0.2 per cent in March and 1.3 per cent in February, while outlays grew by 0.4 per cent and 1.7 per cent in these two months.

● Money supply figures for April (Thursday 4.30 pm) are expected to show a rise of $5bn in the M2 aggregate, according to Money Market Services of Redwood City, California. The estimates range from down $7bn to up $21bn.

● The index of leading indicators for April (Friday 8.30 am) should fall by 0.2 per cent according to consensus estimates compiled by Smith Barney and Money Market Services. The 36 projections sampled by MMS range from minus 0.6 to plus 0.3 per cent. The leading indicators increased by 0.4 per cent in March and by the same amount in February.

Anatole Kaletsky

US TREASURY YIELDS



US MONEY MARKET RATES (%)

	Last Friday	1 week ago	4 wks ago	12-month High	Low
Fed Funds (weekly average)	6.72	6.77	6.42	12.30	5.73
Three-month Treasury bills	5.54	5.56	5.56	6.32	5.08
Six-month Treasury bills	6.15	6.10	5.66	6.36	5.05
Three-month prime CDs	7.30	7.25	6.65	7.65	5.40
30-day Commercial Paper	6.90	6.85	6.40	7.75	5.55
90-day Commercial Paper	7.00	6.96	6.49	6.90	5.60

US BOND PRICES AND YIELDS (%)

	Last Fri.	Change on wk	Yield	1 week ago	4 wks ago
Seven-year Treasury	97¼	+⅛	8.48	8.54	8.30
20-year Treasury	102	−⅛	9.06	9.09	8.85
30-year Treasury	98⅝	—	8.85	8.92	8.49
New 10-year "A" Financial	n/a	n/a	9.22	9.42	9.39
New "AA" Long utility	n/a	n/a	10.10	10.05	9.75
New "A" Long Industrial	n/a	n/a	10.00	9.95	9.72

Source: Salomon Bros (estimates).

Money Supply: In the week ended May 11, M1 rose by $3.4bn to $749.4bn

NRI TOKYO BOND INDEX

December 1983 = 100	22/5/87	Average yield (%)	Last week	12 wks ago	26 wks ago
Overall	140.13	3.94	141.90	138.86	130.30
Government Bonds	143.59	3.31	140.30	137.02	131.19
Municipal Bonds	139.97	4.55	140.87	138.96	130.65
Government-guaranteed Bonds	140.33	4.64	141.62	138.96	132.30
Bank Debentures	134.84	3.82	135.94	132.34	130.40
Corporate Bonds	137.49	3.89	137.80	134.64	129.88
Yen-denominated Foreign Bonds	139.30	4.06	139.12	136.73	132.23
Government 10-year†	—	4.07	3.99	3.80	

† Estimated par yield.

Source: Nomura Research Institute.

FT/AIBD INTERNATIONAL BOND SERVICE

US DOLLAR STRAIGHTS	Issued	Bid price	Chg on week	Yield
ABN Bank 8½ 91	250	97⅛	−1	9.51
Aetna Life & Cas 7¾ 16	200	89⅝	−⅝	8.80
ANFC O/S Fin 11¼ 94	100	103⅝	+1⅞	10.94
AIDC 11 89	75	102⅛	−⅝	9.83
Alcan Australia 11 92	50	102⅞	−1	10.42
American Expr 12⅝ 89	150	104¾	−⅝	9.83
Asian Dev Bk 11¼ 95	100	107⅞	−⅝	10.08
Australia 11¾ 90	100	105⅝	−1¼	9.34
Australia 11¼ 00	100	106⅝	−1⅞	10.33
Austria Zero 95	200	45⅝	−1	10.06
Bk of Montreal 14½ 87	100	100	−⅝	11.51
Bank of Tokyo 8⅝ 96	100	92⅛	−1¼	9.85
Bank of Tokyo 11 90	125	104⅝	−⅝	9.02
Bank of Tokyo 11⅞ 90	100	105⅝	−⅝	9.68
Bank of Tokyo 13⅝ 89	100	114⅝	−⅝	8.64
Barclays Jersey 10⅛ 90	200	102⅝	−⅝	9.26
Barclays Jersey 10⅛ 95	250	103⅝	−1½	9.57
Belgium 7½ 91	250	95¾	−1	9.21
Belgium 7¾ 92	300	98⅛	−⅝	9.27
Beltsward Prop 7¾ 93	150	93⅝	−1¼	9.52
BFCE 7¼ 93	200	90⅝	−⅝	9.48
Bk Nova Scotia 13⅝ 87	100	100⅝	0	9.49
BNP 8⅝ 93	125	95⅝	−1¼	9.63
BNP 13½ 89	150	107⅝	−⅝	8.89
BP Capital 9⅝ 93	150	99⅝	−1¼	9.65
BP Capital 11⅛ 92	150	104⅝	−1¼	9.89
Br Col Hydro 10⅛ 88	200	101½	−⅝	8.44
Br Col Hydro 11¼ 93	200	107⅝	−2⅛	9.70
Campbell Soup 10½ 95	100	104⅝	−1⅛	9.66
Canada 10⅞ 88	500	102⅝	−⅝	8.98
Canada 11½ 90	500	106⅛	−1	8.70
Canada Imp Bk 16¼ 92	100	116⅝	−⅝	13.41
Can Natnl Rail 14⅝ 91	100	108⅝	−⅝	11.92
Canadian Pacific 7⅝ 96	100	86⅝	−1¼	9.61
Canadian Pacific 10⅝ 95	100	103⅝	−1	9.98
Can Pacific Secs 15 89	75	110⅝	−⅝	9.76
Canadian Wheat 11¼ 90	50	102⅛	−⅝	10.67
CCCE 7¾ 91	113	92⅝	−1	9.92
Centrust S & L 0 10	1.2bn	8⅝	−⅝	11.29
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nova Scotia 11⅞ 91	100	102	−⅝	11.02
NSW Treasury 11⅝ 90	150	106⅛	−1	9.23
Olympia & York 8¼ 96	435	89⅝	−1⅛	10.12
Ontario Hydro 10⅛ 90	250	103	−1⅛	9.04
Ontario Hydro 11⅛ 89	200	105⅛	−1⅛	8.71
Ontario Hydro 11⅝ 94	200	109⅛	−2⅛	9.66
Ontario Hydro 11¼ 90	200	107⅛	−1⅛	9.14
Ontario Hydro 13½ 91	100	112⅝	−1½	9.31
Ontario Hydro 14⅝ 89	150	109⅝	−1⅛	9.06
Ontario Hydro 15 92	150	121⅛	−2⅛	9.61
Pacific Gas & El 12 00	75	107⅝	−⅝	10.62
Penney J C 11⅞ 90	100	102	0	11.08
Penney J C 12⅝ 91	100	108	−⅝	10.34
Pepsico Capital 8⅝ 91	100	99	−⅝	8.48
Petro-Canada 7¼ 96	200	85⅝	−2	9.78
Philip Morris 9⅞ 98	200	98⅛	−2	10.11
PostOch Kred 13½ 87	50	100⅝	−⅝	8.50
Postipankki 11¼ 90	75	105⅝	−⅝	6.95
Procter & Gam 10 95	150	103⅝	−1¼	9.59
Pru Rity Secs 0 99	365	31¼	−2¼	10.51
Qantas Airways 8½ 96	97	93⅝	−1⅝	9.94
Quebec Prov 15 90	150	116⅝	−⅝	9.00
Queensld Gvt 11½ 89	100	105⅝	−⅝	9.14
Ralston Purina 11¼ 95	150	107⅝	−2⅛	10.39
Reynolds R. J. 10⅛ 95	100	101½	−2⅛	9.89
Richardson-Vicks 11½ 95	125	107¼	−⅝	9.87
Rockwell Int 9⅞ 90	100	102	−⅝	9.09
Saskatchewan 7 92	125	93¼	−1⅛	9.31
Saskatchewan 8⅞ 91	150	97⅝	−1½	9.17
Saskatchewan 11⅞ 89	100	105⅝	−1	9.24
Saskatchewan 15 92	150	120⅝	−1⅝	9.74
SAS 10⅛ 95	100	100	−1⅝	10.09
Scot Intl Fin 10⅞ 90	50	103⅝	−1⅝	9.23
Sears O/S Fin 0 98	500	33⅝	−1	10.42
Sears O/S Fin 13⅞ 93	150	119	−1⅝	9.64
Sears Roebuck 10⅞ 91	150	103⅝	−⅝	9.74
Sec Pacific 10⅞ 88	100	101½	−⅝	8.35
Shell (Canada) 14⅛ 92	125	105⅝	−⅝	12.74
Shell Oil 9½ 90	250	101¼	−⅝	8.85
Standard Oil 10⅛ 89	150	100⅝	−⅝	9.95
St Bk Sth Aust 9⅛ 93	100	97⅝	−1½	9.73
State Elec Vic 10 92	100	101⅜	−1⅝	9.68
Sth Aus Gov Fin 8⅝ 93	100	95⅜	−1¼	9.63
Sumitomo Fin 11⅛ 92	150	106⅝	−1¼	9.42
Sweden 8⅝ 95	150	93⅝	−1¼	9.62
Sweden 10⅛ 92	250	104⅝	−1	9.34
Swedish Export 9⅛ 93	100	99½	−⅝	9.33
Swedish Export 11⅞ 89	100	106	−⅝	8.82
Taiyo Kobe 11⅞ 90	100	105⅝	−1¼	9.48
Taiyo Kobe 12 90	100	108⅝	−⅝	9.12
Tenneco Corp 11⅛ 89	150	103⅝	−⅝	9.82
Texaco Capital 13½ 89	200	96⅝	−⅝	15.45
Texas Inst 11⅞ 91	150	104⅝	−⅝	10.49
Total Asia 11⅞ 95	100	107⅞	−2	10.02
Tokyo Metro 8⅝ 96	200	93½	−1¼	9.65
UBS 12⅝ 91	100	108⅝	−⅝	10.47
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wells Fargo ⅛ 98	200	98	−0⅝	7⅝
Wells Fargo ⅛ 00	200	—	—	7⅛
Woodside Fin (Feb) 97	300	99⅝	0	6⅝
Woolwich Equit ⅛ 95	200	99⅝	−0⅛	6⅞
World Bank 0.35 94	250	98⅝	0	5⅞
Zentral Und Kom ⅛ 91	30	99⅝	0	6⅞

CONVERTIBLE BONDS	Issued	Bid price	Chg on week	Prem
American Bankers 5⅞ 01	70	96	−2⅛	36.96
BET 6⅞ 01 £	65	127	+8	—
Canon 3 00	100	183⅝	+6⅝	1.90
Citizen Watch 3 00	50	158⅝	+12⅛	10.79
Eastman Kodak 6⅞ 01	300	116⅝	−2⅛	13.51
Elders UK 5⅞ 98	175	125⅝	−3⅝	9.26

BOND WARRANTS	Expiry date	Bid price	Chg on week	Yield
Aegon Ins 11½ 92	15/2/88	104⅝	−1	7.99
Citicorp 8 96	1/10/88	91⅞	−1⅝	7.31
Den Norske Crd 8⅝ 96	8/8/88	92⅝	−7⅞	7.44
Denmark 12⅝ 92	31/1/90	109½	−1⅝	9.66
Finnish Exp Cr 12⅝ 91	21/11/89	110	−1⅛	9.88
General Elec Crd 12 94	15/11/87	107⅛	−1⅛	9.88
McDonalds 11⅛ 94	8/1/89	102⅝	−1⅛	8.96
Mitsubishi Fin 12⅝ 91	8/11/89	107⅝	−1⅛	9.47
Morgan J P 11⅛ 90	16/6/87	102⅝	−1	7.06
Nordic Inv Bank 7⅞ 96	30/10/91	83⅝	−7⅛	2.97
Westpac Banking 12⅝ 92	31/1/90	101⅝	−1⅛	9.81
WeyerhaeuserC 11½ 90	15/11/87	105⅝	−1⅛	7.46

STRAIGHT BONDS: Yield to redemption of the mid-price. Amount issued is expressed in millions of currency units except for yen bonds, where it is in billions. FLOATING RATE NOTES: US dollars unless indicated. Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn—current coupon. CONVERTIBLE BONDS: US dollars unless indicated. Prem=percentage premium of the current effective price of buying shares via the bond over the most recent share price. WARRANTS: Equity warrant prem=exercise premium over current share price. Bond warrant ex yld=exercise yield at current warrant price. Closing prices on May 22.

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New Issue 6th May, 1987

£100,000,000

BRITISH AIRWAYS Plc

9½ per cent. Notes due 1997

Issue Price 101½ per cent.

Union Bank of Switzerland (Securities) Limited

Barclays de Zoete Wedd Limited	Phillips & Drew Limited
Deutsche Bank Capital Markets Limited	Banque Bruxelles Lambert S.A.
Banque Paribas Capital Markets Limited	Chemical Bank International Group
Commerzbank Aktiengesellschaft	County NatWest Capital Markets Limited
Credit Suisse First Boston Limited	Daiwa Europe Limited
Dresdner Bank Aktiengesellschaft	Goldman Sachs International Corp.
Hill Samuel & Co. Limited	IBJ International Limited
Kleinwort Benson Limited	Lloyds Merchant Bank Limited
Samuel Montagu & Co. Limited	Morgan Guaranty Ltd
Morgan Stanley International	Nomura International Limited
Salomon Brothers International Limited	J. Henry Schroder Wagg & Co. Limited
Swiss Bank Corporation International Limited	Toronto Dominion International Limited
S. G. Warburg Securities	Wood Gundy Inc.

This announcement appears as a matter of record only.

New issue 22nd April, 1987

£50,000,000

C&G Cheltenham & Gloucester Building Society

9¼ per cent. Notes due 1992

Issue Price 101¼ per cent.

Union Bank of Switzerland (Securities) Limited

Lloyds Merchant Bank Limited	Phillips & Drew Limited
BankAmerica Capital Markets Group	Banque Bruxelles Lambert S. A.
Barclays de Zoete Wedd Limited	Butler Securities Limited
Crédit Commercial de France	Daiwa Europe Limited
Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft	Hill Samuel & Co. Limited
Kleinwort Benson Limited	LTCB International Limited
Mitsubishi Trust International Limited	J. Henry Schroder Wagg & Co. Limited
Swiss Volksbank	Westdeutsche Landesbank Girozentrale

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New Issue 30th April, 1987

£50,000,000

CHRYSLER FINANCIAL CORPORATION

9½ per cent. Notes due 1992

Issue Price 101⅛ per cent.

Union Bank of Switzerland (Securities) Limited

Samuel Montagu & Co. Limited	Phillips & Drew Limited
Bankers Trust International Limited	Banque Bruxelles Lambert S.A.
Banque Paribas Capital Markets Limited	Berliner Handels- und Frankfurter Bank
Creditanstalt-Bankverein	Daiwa Europe Limited
Hill Samuel & Co. Limited	Kredietbank International Group
Morgan Guaranty Ltd	Prudential Bache Securities International

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New Issue 15th April, 1987

Can. $100,000,000

General Motors Acceptance Corporation of Canada, Limited

(Incorporated under the laws of Canada)

8½ per cent. Notes due October 15, 1992

Guaranteed as to payment of principal and interest by

General Motors Acceptance Corporation

(Incorporated in the State of New York, United States of America)

Issue Price 101½ per cent.

Union Bank of Switzerland (Securities) Limited

Chemical Bank International Group	McLeod Young Weir International Limited
Merrill Lynch Capital Markets	Orion Royal Bank Limited
Banque Bruxelles Lambert S.A.	Banque Générale du Luxembourg S.A.
CIBC Limited	Commerzbank Aktiengesellschaft
Crédit Commercial de France	Crédit Lyonnais
Deutsche Bank Capital Markets Limited	Dominion Securities Inc.
Hambros Bank Limited	Morgan Stanley International
Nomura International Limited	Pemberton Houston Willoughby Bell Gouinlock Inc.
Salomon Brothers International Limited	Société Générale
Swiss Bank Corporation International Limited	Toronto Dominion International Limited

NTT pre-tax total reaches Y358bn

BY YOKO SHIBATA IN TOKYO

NIPPON Telegraph and Telephone (NTT), the Japanese telecommunications utility which became the world's most highly valued company when it gained a public listing in February, achieved a 13.2 per cent gain in pre-tax profits to Y357.96bn ($2.55bn) in the year to March.

The earnings total ranks among the largest of Japanese companies, behind Toyota Motor, Nomura Securities and Tokyo Electric Power. A setback is forecast in the current year, however, with a pre-tax result of Y328bn, down 8.4 per cent.

NTT attributed the 1986-87 improvement to a 5 per cent rise in sales to Y5,353.58bn. Sales from its data communications and transmission services divisions rose sharply while telephone operations showed a small gain.

An annual dividend of Y5,000 each will be paid on its shares, which closed in Tokyo yesterday at Y2.85m. This compares with a February launch price of Y1.19m, and values the company at almost $335bn.

During the year, NTT improved its non-operating balance by Y27bn due to a Y200bn reduction in liabilities with high interest rates. Last year it established a financial company in London for fund raising and asset management.

Net profits grew by 5.1 per cent to Y148.06bn, and are forecast to edge up a further 3.3 per cent this year to Y153bn, on turnover of Y5,466bn, up 2 per cent.

NTT plans to expand non-telephone services as competition in the phone market intensifies due to the entry of new telephone system operators, which it said have already cost it Y40bn in income. It will also seek workforce cuts, and lower debts by another Y200bn.

Japanese electronics groups optimistic

BY OUR TOKYO AND FINANCIAL STAFF

MATSUSHITA Electric Industrial and Fujitsu, two leaders of Japan's electronics sector, yesterday forecast that earnings would recover this year after a severe erosion of profits in 1986-87 because of the yen's high value.

For the year to March 1988 Matsushita—which makes semiconductors as well as consumer equipment under brands such as Panasonic—is expecting a modest 2 per cent upturn in pre-tax profits to Y175bn ($1.25bn). Fujitsu, which makes mainframe computers in addition to chips, projects a near-doubling in its taxable earnings to Y45bn from the Y22.7bn which it was able to announce for its latest year.

This outcome was 40 per cent down on 1985-86, and came despite a 3.6 per cent rise in sales to Y1,482bn. Fujitsu's bullish forecast, which envisages a further rise in turnover to the Y1,700bn level, is based on an assumed exchange rate of Y140 to the dollar.

Matsushita is in the process of changing its year-end, and in an irregular accounting period which covered four months and 11 days to the end of March, pre-tax profits fell 25 per cent from the comparable part of the previous year to Y50.8bn. Sales totalled Y1,012.6bn, down 7 per cent. Matsushita said intensified trade friction as well as the yen's exchange rate had a negative effect on its results. This included an exchange loss of Y15bn for the company.

Domestic sales fell 3 per cent and export sales 16 per cent. In an attempt to make itself less vulnerable to currency fluctuations, the company will try to reduce its export ratio in the current year to 28 per cent from 30 per cent.

Matsushita is paying a dividend of Y4 a share for the period, roughly maintaining a previous annual level of Y10 to which it intends to return in the current 12 months. At Fujitsu the payout is being held at Y8 for the year.

Mexico to sell majority stake in Mexicana

By David Gardner in Mexico City

THE MEXICAN Government is to sell its majority stake in Mexicana de Aviacion, one of the two state-owned airlines, as part of its continuing efforts to slim down the public sector.

Mexican ministers have announced the virtual sale of Mexicana at least twice before. This time, however, Banamex, the leading state-owned commercial bank, has set a formal deadline of June 30 for bids for the around 60 per cent government stake.

Unlike Aeromexico, the traditional flag carrier, Mexicana was privately owned until the previous government took a majority holding as part of a financial bale-out in 1982, only weeks before Mexico's financial collapse.

Mexicana has foreign debts of $400m and has since then run at a loss but has major foreign exchange earnings.

Asea sees maintained earnings

BY SARA WEBB IN STOCKHOLM

ASEA, the Swedish electrical engineering group, yesterday reported a 29 per cent drop in profits after financial items to SKr 557m ($88.4m) for the first quarter, but said that full-year earnings are expected to reach approximately the same level as in 1986 at SKr 2.53bn.

Sales totalled SKr 10.96bn, down 17.4 per cent, but are expected to show a small increase in the full year.

Asea said that the fall in profits and invoiced sales in the first quarter was a reflection of the extraordinarily good results in the first quarter of 1986 when the invoicing of the SKr 2.8bn Oskarshamn 3 nuclear power station was included in the figures.

Order bookings for the first quarter of 1987 totalled SKr 16.661bn, an increase of 37.2 per cent which was mainly due to two large orders — a SKr 2.5bn contract from Canada for high-voltage direct-current power transmission equipment, and a SKr 1.8bn order for a power plant from the City of Stockholm.

The group sold its South African interest — a 24.9 per cent stake in the publicly listed Asea Electric — for an undisclosed sum shortly before the Swedish Government announced a trade boycott with South Africa.

Asea said it had decided to apply for listings on the Copenhagen and Oslo stock exchanges.

Latina to take control of Norditalia

BY ALAN FRIEDMAN IN MILAN

LATINA, the Italian insurance group controlled by Mr Carlo De Benedetti's Cofide holding company, is poised to acquire effectual control of Norditalia, another Italian insurer which last year had around L200bn ($155m) of premium income.

Latina has initialled a letter of intent with the Canavesio family which is expected to see the De Benedetti group paying around L50bn for a 33 per cent stake in Norditalia. Under the Italian system this investment would give Latina effective control as the largest single shareholder.

Latina had 1986 premium income of L211.3bn. The company also took control last year of Ausonia, another insurer

● Ausonia, one of Mr De Benedetti's quoted insurance companies, is planning to raise L86.25bn ($67m) by way of a rights issue on the Milan bourse. The Ausonia share offer will involve the issue of 75m ordinary shares at L1,150 each on the basis of three new shares for every four held.

Appointment at GM to provide continuity

By Anatole Kaletsky in New York

GENERAL MOTORS, the world's largest car manufacturer, has appointed a new president in a major restructuring of management designed to provide continuity in the company's affairs well into the 1990s. Mr Robert Stempel, the 53-year-old automotive engineer who takes over as president on the retirement of Mr James McDonald, will be the youngest GM president since World War Two.

His appointment puts him in a strong position to succeed Mr Roger Smith, GM's chairman, who must retire by 1990. However, the style of the appointment has also suggested to GM analysts that Mr Smith, who has been subject to considerable criticism by shareholders recently, will remain firmly in control of the company's affairs until then.

Mr Smith, in announcing Mr Stempel's promotion, took pains to emphasise that the succession for his top job had not yet been determined. Traditionally the GM chairman, who is responsible for broad corporate strategy, has been a finance man, while the president, who oversees day-to-day operations, has been an engineer.

This pattern could well be repeated in 1990.

Besides Mr Stempel, Mr Smith also promoted Mr Donald Atwood, another executive vice president, to the previously unoccupied position of vice chairman. Mr Atwood, who is 62, and is therefore not a contender for the top position, in 1990, will head GM's electronics, high technology and military businesses, reporting directly to Mr Smith. Mr Stempel will run the rest of the corporation.

Prior to his appointment as president, Mr Stempel was executive vice president responsible for international operations and truck manufacturing. Between 1984 and 1986 he ran the Buick Oldsmobile and Cadillac divisions of General Motors.

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book Runner	Offer yield %
US DOLLARS							
Daichem Corp. ¶‡	79	1992	5	2	100	Nikko Secs (Europe)	[illegible]
S. T. Chemical ¶‡	25	1992	5	2¼	100	New Japan Secs.	7.700
Mount Isa Finance §‡	125	1997	10	8½	100	CSFB	[illegible]
Kyowa Hakko ¶	150	1992	5	(1¾)	100	Yamaichi Int. (Eur)	-
Chuo Ltd. (c) †‡	100	1992	5	[illegible]	100	Nikko Secs (Europe)	-
Coeur d'Alene Mines §	50	2002	15	(8)	100	Kidder Peabody Int.	-
Seiko Corp. ¶	32	1992	5	2	100	Daiwa Europe	-
Bk Negara Indonesia (d) †‡	85	1992	5	¼	100	Chemical Asia/Mitsui Fin.	-
Eastman Kodak ϕ‡	130	1990	3	8	113.175	UBS (Secs)	4.237
Sumitomo Corp. ¶	300	1992	5	(1¾)	100	Daiwa Europe	-
Exportfinans (Norway) ϕ‡	100	1990	3	8	113.18	UBS (Secs)	4.230
CANADIAN DOLLARS							
Unigesco Inc. §‡	40	1997	10	7¾	100	Banque Paribas	7.250
Trimac Ltd. §‡	30	1997	10	7¾	100	Wood Gundy	7.250
AUSTRALIAN DOLLARS							
LB Rheinland-Pfalz ‡	50	1991	4	13⅝	101½	Hambros Bank	13.281
NatWest Australia Bk.‡	50	1992	5	13⅞	100⅞	County NatWest	13.706
WestLB Finance ‡	75	1990	3	13¾	101¼	WestLB	13.219
LB Schleswig-H'stein ‡	50	1991	4½	13⅝	101⅝	Warburg Securities	13.183
Denmark ‡	75	1990	3½	14	101½	Warburg Securities	13.384
Girozentrale Vienna ‡	75	1990	3	13⅞	101½	SBCI	13.237
Helaba Finance ‡	75	1995	8	13⅞	101½	Morgan Guaranty	13.802
Aegon NV ‡	50	1991	4	14	101¾	SBCI	13.487
BHF-Bank Finance ‡	30	1991	4	13⅝	101¼	BHF-Bank	13.327
D-MARKS							
Gillette Finance ‡	300	1994	7	6	99¾	Morgan Guaranty	6.046
EEC** ‡	75	1997	10	6	100	Trinkaus & Burkhardt	6.000
Arab Banking Corp. ‡	150	1992	5	5½	100	Dresdner Bank	5.500
EDF ‡	300	1997	10	5⅝	99¾	Deutsche Bank	5.784
SWISS FRANCS							
Crowthers Finance (a) §	50	1997	–	(3¾)	100	Shearson L'man Amext	-
Breakwater Resources §	35	1995	–	5½	100	Banque Indosuez	5.447
Koninklijke Nedlloyd** ‡	50	1994	–	5⅛	100	UBS	5.125
Nestle Holdings ¶‡	300	1997	–	2	100	SBC	2.000
Electronic & Ind.Ent.** ‡	80	1992	–	4⅞	100¼	LTCB (Schweiz)	4.814
Polly Peck Int.Fin. §	85	1992	–	(5½)	(100)	Warburg Soditic	-
	65	1997	–	(3)	(100)	Warburg Soditic	-
Maguna Construction** ¶	30	1992	–	(1½)	*	Handelsbank	-
Com.Sevillana de Elec.** ‡	100	1992	–	4¾	100	UBS	4.750
Ireland ‡	150	2002	–	5	100	SBC	5.000
Gen.Motors Canada** ϕ‡	120	1992	–	2¾	100	Chicorp Inv.Bank	2.750
STERLING							
General Cinema Corp. §‡	110	2002	15	5	100	Morgan Grenfell	5.063
Anglo & Overseas Trust ‡	35	2012	25	9	88¾	Morgan Grenfell	10.142
DANISH KRONER							
Fin. for Danish Ind. ‡	300	1993	6	11	101¾	Privatbanken	10.591
LUXEMBOURG FRANCS							
Atlas Copco** ‡	300	1992	5	7⅜	100	BGL	7.375
American Ex.O/s Cr.Corp.** ‡	100	1992	5	7¼	100	BIL	7.250
PHS van Ommeren** ‡	300	1992	5	7½	100	Kredietbank Int.	7.500
EIB** ‡	300	1994	7	7¼	99½	BNP (Luxembourg)	7.344
ECUs							
Kredietbank Int.Fin. || (f) ‡	100	1992	5	7½	100⅛	Kredietbank Int.	7.199
Ville de Montreal ‡	50	1992	5	7¾	101⅞	Salomon Brothers	7.038
EIB (e) ‡	50	1992	5	7¼	101¼	Dev. Bank Singapore	6.946
YEN							
Swedish Export Cr. ‡	15bn	1991	4	4⅛	101⅝	Daiwa Eur/Tokai Int.	3.681
World Bank (b) ‡	40bn	1997	10	4¼	100⅞	Yamaichi Secs.	4.203
LTCB of Japan ‡	30bn	1997	10	4⅝	101⅞	LTCB Int.	4.405

* Not yet priced. ‡ Final terms. ** Private placement. † Floating rate notes. ¶ With equity warrants. ϕ With gold warrants. || Currency-linked. § Convertible. (a) Convertible preference shares. (b) "Daimyo" bonds. (c) 3/16 over 6m Libor, secured by ex-warrant bonds. (d) ¼ over 6m Libor, launched in Asia. (e) Launched in Asia. (f) Linked to SFr. Note: Yields are calculated on AIBD basis.

B Wehmiller shares offered at 135p each

BY RICHARD TOMKINS

Barry Wehmiller International, the UK-based packaging equipment maker being floated on the stock market, today publishes the prospectus for an offer for sale which will value the group at £30.6m.

Some 70 per cent of BWI's shares are being sold, most of them by Barry-Wehmiller Company, the group's US parent. In the last few years BWI has outgrown the Missouri-based BWCo —its turnover was about double BWCo's in the last financial year —and it is now seeking its independence.

Hill Samuel is offering 15.87m shares at 135p each, putting a value of £21.4m on the offer. The stockbroker to the issue is Wood Mackenzie.

BWI's three main activities are supplying inspection devices, called vision systems, to the food packaging industry; supplying machines for putting tops on bottles and containers; and supplying bottling machinery.

The prospectus shows a patchy five-year profits record, but the pre-tax figure leapt from £750,000 to £1.7m in the year to last July and another jump to £3.5m is forecast for the current year.

On that basis the shares are being offered on a prospective price-earnings multiple of 9.3 on an actual tax charge and 12.7 on a notional 35 per cent. The notional gross dividend yield is 4.1 per cent.

At first sight BWI might seem to be entrenched in a market at best mature, if not actually shrinking. Four years ago, when 90 per cent of its sales came from supplying bottle washing and inspection equipment to the beer and soft drinks industries, that would have been true, but no more: partly through a policy of acquisitions, the customer base has been broadened and the range of products widened to embrace two growth markets: electronic inspection equipment, and closures for the latest developments in containers.

Rolls-Royce employees' share schemes popular

BY PHILIP BASSETT, LABOUR EDITOR

Rolls-Royce, aerospace engine group, is expected this week to announce a high level of employee share buying in the company's recent privatisation.

About 8 per cent of the total available shares have gone to employees of the company, though Rolls-Royce acknowledges that some employees have sold at least some of their shares for a quick profit as the share price soared in the first few days of the start of trading last week.

About 95 per cent of employees are thought to have taken up the free share offer, but probably the most significant take-up is in the Sharesave scheme.

Under this, the price of some shares is frozen to allow employees to save up for them with the Abbey National Building Society. Savings are made through pay deductions, and at the end of the chosen savings period of five or seven years a tax-free bonus of 14 or 28 months' payments is added. Employees can then choose whether to buy the shares at the original agreed price or take the saved money and bonus.

Previous schemes of this sort have attracted a take-up of about 35 per cent of employees,

GRA plans postponed by Haringey court move

By Terry Povey

Plans for the development of the Harringay Stadium site as well as for a possible takeover offer from Priest Marians for GRA Group have had to be postponed following a last-minute move in the courts by Haringey Borough Council on Friday.

GRA Group, which owns the stadium, faced objections from the local authority to its development plans for the site, including the sale for £10.5m of most of the cleared land to J. Sainsbury to build a superstore. An option for an additional £1.5m land purchase by Sainsbury is also involved.

On April 13 the Secretary of State for the Environment overruled the council and granted GRA planning permission.

In a statement GRA said that this would delay the sale agreement with Sainsbury beyond the originally envisaged completion date of October 13.

Priest Marians last night confirmed that negotiations "which might lead to an offer" were continuing but said that a "resolution of the Harringay Stadium position is a pre-condition for further progress." The £1½m sale to "Sainsbury's is very material in relation to GRA's market value of £47m," it said.

Olives' board is unchanged

By Simon Holberton

The board of Olives Paper Mill, of Bury, has defeated an attempt by its major shareholder to unseat two directors and reject the company's annual accounts.

Earlier this month, Melton Medes, which controls about 18 per cent of the Olives' stock, forced a poll of shareholders to highlight its concern over, and press for changes in, the company's administration.

Nikki Tait looks at Sunleigh's bid for Dale Electrics

A switch of power in Yorkshire

NEXT TIME the lights flicker on a more Bohemian stretch of the Paris Metro, rest tranquil. The safety of your wallet is in the hands of a small Yorkshire-based group. Dale Electric, whose interests range from generating sets to emergency lighting.

For how long? The irony is that while illuminating buildings from Paris to Pakistan, Dale's own lights have dimmed dangerously low—a near-classic case of overdependence on a low-margin export business.

Profits, which reached £2.16m before tax in the year to end-April 1984, sank to £530,000 in the following 12 months and vanished altogether into a £960,000 loss in 1985-86.

Which, in turn, has left the 50-year-old company vulnerable to the predatory intentions of an ambitious revival stock, Sunleigh Electronics.

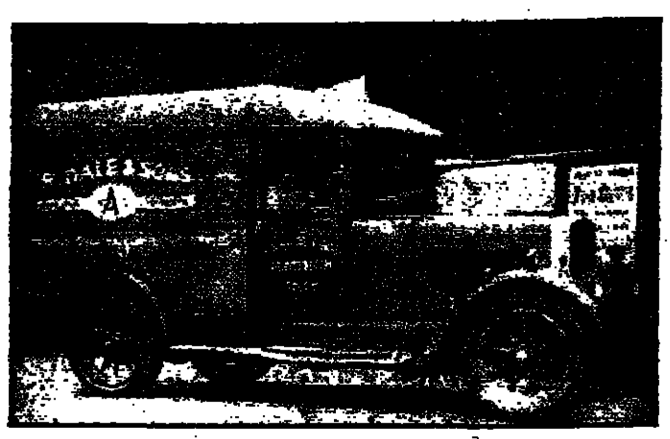
Sunleigh's bid, now revised and declared final, heads for its next close this week. The 60-day offer period could run until mid-June, but Sunleigh has decided to shut off the cash alternative on Friday, and hints that it may only extend the paper if victory looks close.

Such, of course, are standard pressure tactics. Nevertheless, Dale was last week spurred into a £1.07m profits estimate for the year which ended on May 3. So has it done enough to justify retained independence?

Dale's origins lie deep in the Yorkshire hills. The company dates back to the early thirties when founder Leonard Dale, who left school at 14 to work on the family dairy farm, watched as electricians put in the first cables—and promptly combined his morning milk-round with part-time electrical work. Out of that, Dale Electric was born.

Having wired large chunks of Yorkshire, Dale moved into generating sets in the mid-forties and — in an attempt to drum up customers—advertised in Farmers' Weekly. A letter arrived from an unilluminated ex-pat in Kenya. Out of that came the export business.

Exports have been both Dale's strength and downfall. In the early seventies — when



Leonard Dale, founder of Dale Electrics, formerly worked at his father's farm and is here seen delivering milk in Filey, Yorkshire, in 1934.

Dale went public — rising oil riches brought heavy demand from the Middle East and other developing countries, taking annual profits to over £3m by 1978.

Then, in the early eighties, the combination of a strong pound, international competition, the deteriorating Iran-Iraq situation, and the loss of markets in Nigeria and Turkey, sent profits tumbling.

So Dale cut costs, built up new markets, and diversified in aircraft ground power equipment with the acquisition of its Houchin subsidiary — with the gratifying result that for three years profits rose. Until, that is, oil price collapsed and the latest problems emerged.

According to Dale, the total world market for generating sets has slumped from some £1bn in 1979, to £680m in 1985. Overseas sales still account for over 50 per cent of the group total, but between 1982-83 and 1985-86, the amount going to the Middle East tumbled from over £14m to £5.4m.

Just to complete the bad run, Dale hit an added problem in Thailand. "We were tucked up by a local," says Iain Dale, the founder's son and now chief executive, with rueful honesty. An agent became a joint venture partner, and things went wrong. Dale is still pursuing the matter through the local courts, but brokers estimate there was a £600,000 loss in Thailand during 1985-86—a mix of the bad debts, trading losses and currency deficit—which was just what Dale could do without.

If the story is all too comprehensible, what about the solutions? Iain Dale claims that the company is repositioning into the "designer gen-set market," where more sophisticated engineering skills are tacked round the basic generator business, offering substantially better margins.

He cites hotels, which want more sophisticated control systems, or a building in Lahore where the heat from the generator can be recycled to provide the air-conditioning.

Moreover, he points to the healthier parts of the business —like Houchin, the stand-by power systems business Erskine, and the French emergency lighting companies. Management, adds Mr Dale, has already undergone an internal upheaval, and there is the continued push into new markets, like South America.

And he has another point — "It's not the sort of business you can just go in and rape. Customer loyalty is strong, and they're buying a complete service. The last line of defence is that you've got to do this business in a caring way."

The problem for shareholders, weighing up those arguments against Sunleigh's claims that it can offer a management revival, is that the predator is something of an unknown quantity. About 18 months ago, the fast-growing FKI Electricals picked up a 15.3 per cent stake in the USM-quoted group. A few months later, four new directors—all former or current FKI men—followed. Sunleigh has since made four small acquisitions — three from FKI, so that the latter's stake has risen to 27 per cent.

Tony Merryweather, the chairman, makes no secret that this is Sunleigh's "quantum leap," nor that the acquisition trail, from the larger base, would not be abandoned. The Dale head office would make a convenient centre for the group, but on just what parts of the group might be disposed, he is vague.

But even if the Sunleigh record cannot truly be judged, its terms can. On the basis of Friday night's closing prices, its paper offer was worth 135p for each Dale share, with a 118.5p a share cash alternative. Sunleigh estimates the paper offer represents an exit p/e ratio of about 26 on Dale's estimated 1986/87 results and it argues that the Dale share price—now at 121p—could fall sharply if the bid fails.

In practice, the outcome rests in a few key institutional hands. Dale reckons to muster 22 per cent through family and friends; Sunleigh has picked up just under 8 per cent. During the bid, Chloride—with whom Dale has trading links—acquired a few shares; rival emergency lighting business, Menvier-Swain, took a 1.4 per cent holding, and though coy about intentions, may well want negotiating strength if sell-offs are in view; and Hopkinson Holdings, the valve manufacturer, picked up 1.3 per cent at the end of last week, sparking speculation that it may be interested in playing a white knight role.

But it is M&G (9.6 per cent), the Pru (6 per cent), the Pearl (6 per cent) and Scottish Amicable (6.5 per cent) who really hold the cards. Three of the four, at least, are traditionally supportive of incumbant managements.

No doubt, Hillards' outburst against institutional "short-termism" will have no bearing —but Dale could just be lucky in its owners.

DALE ELECTRIC

Estimated Trading Profit, including exceptional item (£'000)

Year to April	1987	1986
Dale Electric of GB	451	(900)
Houchin	340	617
Dale Thailand	—	(600)
Oztomotors (49%)	176	264
Erskine Systems	300	400
French Companies	300	300
ATC	125	150
Other	100	100
Total	1,700	300
Interest	(1,200)	(1,255)
Pre-tax profit	544	(960)

Source: Panmure Gordon

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus *) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year
*Allied Colloids	June 10	Final 1.2
*Amersham Intl.	June 5	Final 4.58
Argyll Group	June 24	Final 5.1
*BT	June 18	Final 4.5
Beecham	June 11	Final 8.8
*Boots	May 28	Final 4.6
*British Gas	June 17	Final due
British Land	June 18	Final 2.0
Cable & Wireless	June 26	Final 6.0
Charter Cons.	June 25	Final 7.75
*Coalite	June 2	Final 5.5
*Courtaulds	May 27	Final 4.75
*De La Rue	June 3	Final 24.15
Ferguson Industrial	May 22	Final 5.15
Great Portland Estates	June 10	Final 4.6
Greycoat	June 25	Final 1.25
*Hanson Trust	May 27	Interim 1.4
Guinness	June 16	Interim 2.24
*Harrisons & Crosfield	May 27	Final 15.6
Johnson Matthey	June 19	Final 2.0
London Intl.	June 18	Final 3.1
*Metal Box	June 9	Final 12.5
*Meyer Intl.	June 10	Final 3.8
*Northern Foods	June 10	Final 3.75
*Pilkington	June 10	Final 8.5
*Plessey	May 28	Final 4.172
*Racal Electronics	June 23	Final 2.288
*Redland	May 28	Final 7.817
*Reed Intl.	June 3	Final 10.0
Rothmans Intl	June 24	Final 4.5
*Sketchley	June 2	Final 12.8
*Storehouse	June 2	Final 5.7
*Unigate	June 9	Final 8.25
*Wolverhampton & Dudley Bros.	May 28	Interim 3.2

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

Lilley plans to restructure

BY TERRY POVEY

SHAREHOLDERS in F J C Lilley are being asked by the contracting company's board to approve a restructuring of its capital and reserves. This could allow the payment of a dividend for the year to January 1988.

In a letter to shareholders, Mr Lewis Robertson, chairman, has asked for support for the cancellation of the company's share premium account so that the freed £14.83m can be set against the £18.06m accumulated deficit in the profit and loss account.

A £36.7m write-off against the book value of Lilley's North American operations was responsible for the size of the deficit.

If shareholders approve this, an extraordinary meeting is due on June 10, and the court gives its consent, Lilley's deficit would fall to £3.23m, against which the revaluation reserve of £1.68m could also be offset, leaving a £1.55m deficit.

Provided retained profits exceed £1.55m, the surplus can be used to pay a dividend, suggesting that pre-tax profits would have to exceed £3.6m in order for Lilley to pay a dividend of 1p on its 80m shares, given tax at the standard rate.

F.T. Share Information

The following securities have been added to the Share Information Service: Cundell Group (Section: Paper, Printing & Advertising). English Natl. Inv. (Pref. Ord & Defd. Ord.) (Investment Trusts). Honeysuckle Group (Drapery & Stores). Independent Resources (Mines, Australian). Mallett (Drapery & Stores). Mercury Asset Management (Trusts, Finance, Land). Nokia Pfd. (Electricals). Povey Corp. (Industrials). Whirlpool Corp. (Americans). Wilson Bowden (Buildings).

HICKSON INTERNATIONAL, chemical, timber protection and merchant distributor group, has acquired Karndean for an initial £3.3m to be satisfied by the issue of approximately 500,000 shares which are being placed on behalf of the vendors by Phillips and Drew at 675p per share. Further consideration in the form of variable rate convertible unsecured loan notes 1995 will be issued at completion, redeemable in five annual tranches for cash and/or ordinary shares up to a maximum value of £6.85m based on Karndean's profit performances over the next five years.

FINANCIAL TIMES STOCK INDICES

	May 22	May 21	May 20	May 19	May 18	May 15	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs.	92.07	92.28	92.43	92.43	92.32	96.62	93.32	84.49	127.4	49.18
Fixed Interest	97.40	97.57	97.73	97.77	97.82	98.07	98.54	90.23	150.4	50.53
Ordinary	1686.7	1677.7	1690.8	1719.0	1696.4	1691.6	1719.0	1320.2	1719.0	49.4
Gold Mines	434.0	433.3	439.2	433.3	444.1	429.9	485.0	288.2	734.7	43.5
FT-Act All Share	1084.45	1078.92	1086.05	1103.10	1093.66	1092.15	1103.10	835.48	1103.10	61.92
FT-SE 100	2167.5	2153.7	2174.0	2214.3	2192.1	2189.7	2214.3	1680.0	2214.3	986.9

Company Notices

NESTLÉ S.A.,
Cham and Vevey (Switzerland)

Payment of dividend

Notice is hereby given to shareholders and holders of participation certificates that following a resolution passed at the General Meeting of shareholders held on 21st May 1987, a dividend for the year 1986 will be paid to them as from 25th May 1987, as follows:

	per share	per participation certificate
gross	SFr. 145.00	SFr. 29.00
less Swiss federal withholding tax of 35%	SFr. 50.75	SFr. 10.15
net	SFr. 94.25	SFr. 18.85

This dividend is payable against delivery of coupon No. 5 for all bearer shares and participation certificates.

On the other hand, all dividends payable on registered share certificates without coupons will be paid by bank transfer to the shareholder's account or by way of an assignment in accordance with the instructions received from the shareholder.

The dividends are payable in Swiss Francs. Outside Switzerland Paying Agents will pay against coupons and assignments in local currency at the rate of exchange prevailing on the day of presentation; bank transfers will be effected value 25th May 1987 in local currency at the rate of exchange prevailing on that date.

Coupon No. 5 and assignment may be presented as from 25th May 1987 to the following Paying Agents of the Company:

In Switzerland:
Credit Suisse, Zurich, and its branch offices;
Swiss Bank Corporation, Basle, and its branch offices,
Union Bank of Switzerland, Zurich, and its branch offices,
Swiss Volksbank, Bern, and its branch offices,
Bank Leu Ltd., Zurich, and its branch offices,
Banque Cantonale Vaudoise, Lausanne, and its branch offices and agencies,
Zürcher Kantonalbank, Zurich, and its branch offices,
Berner Kantonalbank, Bern, and its branch offices,
Zuger Kantonalbank, Zug, and its branch offices,
Banque de l'Etat de Fribourg, Fribourg, and its agencies,
Darier & Cie, Geneva,
Lombard, Odier & Cie, Geneva,
Pictet & Cie, Geneva,
Handelsbank N.W., Zurich, and its branch office,

In England:
Credit Suisse, London,
Swiss Bank Corporation, London,
Union Bank of Switzerland, London,

In the United States of America:
Morgan Guaranty Trust Company of New York, New York,
Credit Suisse, New York,
Swiss Bank Corporation, New York,
Union Bank of Switzerland, New York,

In France:
Crédit Commercial de France, Paris,
Banque de Paris et des Pays-Bas, Paris,

In Germany:
Dresdner Bank AG, Frankfurt/Main and Düsseldorf,

In Holland:
Pierson, Heldring & Pierson, Amsterdam,

In Austria:
Girozentrale und Bank der österreichischen Sparkassen AG, Vienna,

In Japan:
Nomura Securities Co. Ltd., Tokyo,
Yamaichi Securities Co. Ltd., Tokyo,

Cham and Vevey, 21st May 1987

The Board of Directors

TO THE NOTE HOLDERS OF

AMERICAN EXPRESS OVERSEAS CREDIT CORPORATION N.V.

C$50,000,000

10½% Guaranteed Notes due 1990

NOTICE IS HEREBY GIVEN that with effect from May 31st 1987 Bank of Montreal, Frankfurt Branch, West Germany, will cease acting as a paying agent in respect of the above mentioned issue. Holders of maturing coupons should present said items to one of the other paying agents as listed on the coupon.

TO THE NOTE HOLDERS OF

AMERICAN EXPRESS OVERSEAS FINANCE COMPANY N.V.

C$50,000,000

10¼% Guaranteed Notes due 1990

NOTICE IS HEREBY GIVEN that with effect from May 31st 1987 Bank of Montreal, Frankfurt Branch, West Germany, will cease acting as a paying agent in respect of the above mentioned issue. Holders of maturing coupons should present said items to one of the other paying agents as listed on the coupon.

TO THE NOTE HOLDERS OF

EXPORT DEVELOPMENT CORPORATION

US$150,000,000

9¾% Notes due September 1 1984 Series KU

NOTICE IS HEREBY GIVEN that with effect from May 31st 1987 Bank of Montreal, Frankfurt Branch, West Germany, will cease acting as a paying agent in respect of the above mentioned issue. Holders of maturing coupons should present said items to one of the other paying agents as listed on the coupon.

TO THE NOTE HOLDERS OF

EXPORT DEVELOPMENT CORPORATION

US$100,000,000

9¼% Notes due March 1 1984 Series JU

NOTICE IS HEREBY GIVEN that with effect from May 31st 1987 Bank of Montreal, Frankfurt Branch, West Germany, will cease acting as a paying agent in respect of the above mentioned issue. Holders of maturing coupons should present said items to one of the other paying agents as listed on the coupon.

TO THE NOTE HOLDERS OF

PROVINCE OF NEW BRUNSWICK

US$35,000,000 8¾% Notes due 1983
US$50,000,000 9% Notes due 1984
US$75,000,000 15½% Notes due 1987

NOTICE IS HEREBY GIVEN that with effect from May 31st 1987 Bank of Montreal, Frankfurt Branch, West Germany, will cease acting as a paying agent in respect of the above mentioned issue. Holders of maturing coupons should present said items to one of the other paying agents as listed on the coupon.

TO THE NOTE HOLDERS OF

THE NEW BRUNSWICK ELECTRIC POWER COMMISSION

US$60,000,000 17% Notes due 1988
US$75,000,000 16½% Notes due 1989
US$75,000,000 9½% Bonds due 1994

NOTICE IS HEREBY GIVEN that with effect from May 31st 1987 Bank of Montreal, Frankfurt Branch, West Germany, will cease acting as a paying agent in respect of the above mentioned issue. Holders of maturing coupons should present said items to one of the other paying agents as listed on the coupon.

TO THE NOTE HOLDERS OF

CANADIAN PACIFIC LTD

C$75,000,000

10½% Debentures due 1990

NOTICE IS HEREBY GIVEN that with effect from May 31 1987 Bank of Montreal, Frankfurt Branch, West Germany, will cease acting as a paying agent in respect of the above mentioned issue. Holders of maturing coupons should present said items to Commerzbank A.G. 32-36 Neue Mainzer Strasse, 6000 Frankfurt/Main 1, West Germany, or one of the other paying agents listed on the coupon.

TO THE NOTE HOLDERS OF

AMERICAN EXPRESS OVERSEAS CREDIT CORPORATION N.V.

A$100,000,000

Zero Coupon Guaranteed Bonds due 1991

NOTICE IS HEREBY GIVEN that with effect from May 31 1987 Bank of Montreal, Frankfurt Branch, West Germany, will cease acting as a paying agent in respect of the above mentioned issue. Upon redemption holders of maturing bonds should present said items to one of the other paying agents as listed on the bond.

TO THE NOTE HOLDERS OF

FARM CREDIT CORPORATION

C$100,000,000

10% Notes due 1992

NOTICE IS HEREBY GIVEN that with effect from May 31 1987 Bank of Montreal, Frankfurt Branch, West Germany, will cease acting as a paying agent in respect of the above mentioned issue. Holders of maturing coupons should present said items to Commerzbank A.G. 32-36 Neue Mainzer Strasse, 6000 Frankfurt/Main 1, West Germany, or one of the other paying agents listed on the coupon.

TO THE NOTE HOLDERS OF

EXPORT DEVELOPMENT CORPORATION

US$100,000,000

13¼% Notes due October 1 1987 Series TU

NOTICE IS HEREBY GIVEN that with effect from May 31st 1987 Bank of Montreal, Frankfurt Branch, West Germany, will cease acting as a paying agent in respect of the above mentioned issue. Holders of maturing bonds and coupons should present said items to one of the other paying agents as listed on the coupon.

7¼ PER CENT 1973/1988
FF 200,000,000 LOAN

Notice is hereby given to bondholders of the above Loan that redemption of FF 1,150,000 was effected before May 15, 1987. Amount outstanding on May 15, 1987: FF 102,305,000.

Luxembourg
May 26, 1987

REGIE NATIONALE DE USINES RENAULT

Head Office:
8 et 10, avenue Emile Zola,
Boulogne-Billancourt (Hauts-de-Seine)
FRANCE
R.C.S.: NANTERRE B 780 129 987

The Ordinary General Meeting of holders of 10¾% bonds 1986-2001 REGIE NATIONALE DES USINES RENAULT, held on May 5, 1987, has appointed:
as permanent Representatives:
—Mr Patrick BARON, 26 rue de Paradis, 75010 PARIS (France).
—Mrs Viviane BOURGAISSE, 7, Croix des Vignes, 78660 ALBIS (France).
Représentants Suppléants:
—Mr Yves ROMANO, Résidence Elysées II, Bâtiment 94, 78170 LA CELLE SAINT-CLOUD (France).
—Mrs Martine CARTALADE, 101, rue Saint-Charles, 75015 PARIS (France).

THE BOARD OF DIRECTORS

MALAYSIA MINING CORPORATION BERHAD
(Incorporated in Malaysia)

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of members of Malaysia Mining Corporation Berhad will be held at the International Hall, Ground Floor, The Merlin Hotel, No. 2 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on Wednesday, 24th June, 1987 at 11.00 am for the purpose of considering and, if thought fit, passing the following as ordinary resolutions:

1. "That the respective balance sheets and profit and loss accounts together with the notes thereon of the Company and of the Group which state the affairs of the Company and of the Group at 31st January, 1987 and of the results of the Company and of the Group for the year ended on that date, together with the statement of source and application of funds of the Group for the year ended 31st January, 1987 and the reports of the Directors and Auditors be and are hereby received and adopted, and the final dividend of 1 sen per 10 sen share, less tax at 40%, be and is hereby approved and declared payable on 30th June, 1987 to the members of the Company registered at the close of business on 5th June 1987."
2. "That Encik Abdul Samad Haji Alias, who retires by rotation, be, and is hereby re-elected a Director of the Company."
3. "That YBhg Tan Sri Dato' Nasruddin bin Mohamed, who retires by rotation, be and is hereby re-elected a Director of the Company."
4. "That YBhg Tan Sri Dato' Thong Yaw Hong, who was appointed since the last Annual General Meeting, be and is hereby re-elected a Director of the Company."
5. "That Mr J. S. De W. Waller, who was appointed since the last Annual General Meeting, be and is hereby re-elected a Director of the Company."
6. "That Messrs Peat, Marwick, Mitchell & Co, who are eligible and have given their consent for re-appointment, be and are hereby re-appointed the Company's Auditors for the period until the conclusion of the next Annual General Meeting and that the remuneration to be paid to them be fixed by the Board."

By Order of the Board
ABDUL MALEK ABDUL MAJID
WAN MOHAMED WAN YUSOFF
Secretaries

Kuala Lumpur
26th May, 1987

Notes:
(i) A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
(ii) Copies of Directors' service contracts are available for inspection at 38th Floor, Menara PNB, 201A, Jalan Tun Razak, 50400 Kuala Lumpur on any weekdays (except Saturdays) from 26th May to 23rd June, 1987 during usual business hours and will also be available for inspection at The International Hall, Ground Floor, The Merlin Hotel, No 2 Jalan Sultan Ismail, 50250 Kuala Lumpur on 24th June, 1987 prior to and until the conclusion of the Annual General Meeting.
(iii) A form of proxy to be valid must reach the Malaysian Registrar's Office at 32nd Floor, Menara PNB, 201A, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia or the United Kingdom Registrars' office at Hill Samuel Registrars Limited, 6 Greencoat Place, London SW1P 1PL, England, not less than 48 hours before the meeting.

TO THE NOTE HOLDERS OF

EXPORT DEVELOPMENT CORPORATION

US$100,000,000

12¼% Notes due May 15 1987 Series MU

NOTICE IS HEREBY GIVEN that with effect from May 31 1987 Bank of Montreal, Frankfurt Branch, West Germany, will cease acting as a paying agent in respect of the above mentioned issue. Holders of maturing bonds and coupons should present said items to one of the other paying agents as listed on the coupon.

Crédit Foncier de France

US$ 200,000,000 Floating Rate Notes Due 1995 with 200,000 Warrants to acquire by exchange of US dollar Notes or by purchase ECU denominated Floating Rate Notes Due 1995

For the period December 22, 1986 to June 26, 1987 the interest amount will be US$ 353.55 per US$ 10,000 Note, payable on June 26, 1987.

The Agent Bank
KREDIETBANK
S.A. LUXEMBOURGEOISE

ESCOM
Electricity Supply Commission

ECU 50,000,000
Floating Rate Notes due 1990

In accordance with the terms and conditions of the Notes, notice is hereby given that for the Interest Period from May 27, 1987 to August 28, 1987 the Notes will carry an Interest Rate of 7⅛ % per annum.

The interest payable on the relevant Interest Payment Date, August 28, 1987 against coupon N°9 will be ECU 18.41 per Note.

The Agent Bank
KREDIETBANK
S.A. LUXEMBOURGEOISE

SOCIETE GENERALE
$US 200.000.000
SUBORDINATED FLOATING RATE NOTES DUE 1994

For the six months, May 7, 1987 to November 8, 1987, the rate of interest has been fixed at 7 11/16% P.A.

The interest due on November 9, 1987 against coupon nr 6 will be $US 397,19 and has been computed on the actual number of days elapsed (186) divided by 360.

THE PRINCIPAL PAYING AGENT
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, Avenue Emile Reuter
LUXEMBOURG

COMPAGNIE DE SAINT GOBAIN
Public Company with a capital of F 4.383.628.000
Registered Office:
"Les Miroirs" 18, Avenue d'Alsace
94200 COURBEVOIE
RCS NANTERRE B 542 039 532

PARTICIPATING STOCK APRIL 1984 OF ECU 1.000 EACH

ORDINARY GENERAL MEETING TO BE HELD ON JUNE 9, 1987

AGENDA

The owners of participating stock April 1984 of ECU 1,000 of COMPAGNIE DE SAINT GOBAIN are informed that the Ordinary General Meeting will be held on June 9, 1987 at 16.15 at the registered office of the Company, "Les Miroirs" 18, Avenue d'Alsace in COURBEVOIE (92400). This meeting will enact on the following agenda:
—Board of directors' report on the company's operations for financial year 1986.
—Auditors' report on financial year 1986 accounts and elements for fixing the participating stock yield.
—Fixing the income of the masse entitled representatives.
—Powers for formalities.
To attend the meeting the participating stock owners will have to provide a blocking affidavit issued by the trustee and in order to appoint a deputy at the meeting they will have to add a proxy to this affidavit.

THE BOARD OF DIRECTORS

FONDS DE REETABLISSEMENT DU CONSEIL DE L'EUROPE POUR LES REFUGIES NATIONAUX ET LES EXCEDENTS DE POPULATION EN EUROPE

Principal Office:
67006 STRASBOURG (France)
Headquarters of Operational Services:
55, avenue Kléber, 75116 PARIS

The Ordinary General Meeting of the bondholders 10.50% 1986-1993 FONDS DE REETABLISSEMENT DU CONSEIL DE L'EUROPE POUR LES REFUGIES NATIONAUX ET LES EXCEDENTS DE POPULATION EN EUROPE, held on May 5, 1987, has appointed:
as permanent Representatives:
—Miss LUCAS Anne-Marie, 31 rue de la Procession, 75015 PARIS (France).
—Mrs ANDREONE Suzanne, 27 rue de la Mairie, 91120 VILLEBON-SUR-YVETTE (France).
as substitute Representatives:
—Mrs Marie-Line LEGENRE, 3 rue des Mésanges, 77390 VERNEUIL-L'ETANG (France).
—Mrs Claudine MINART, 49, avenue Maurice Thorez, 94200 IVRY-SUR-SEINE (France).

THE GOVERNOR

M.L. HOLDINGS p.l.c.

8¼% DEBENTURE STOCK 1988/1993

NOTICE IS HEREBY GIVEN that the Transfer Books and Registers of Members will be CLOSED on 12th June 1987 only.

By order of the Board
J. D. LOVERIDGE
Secretary

Clubs

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St., W1. 01-734 0557.

CLASSIFIED ADVERTISEMENT RATES

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Appointments	12.50	43.00
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Business Opportunities	13.00	44.00
Businesses for Sale/Wanted	12.00	41.00
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Motor Cars, Travel	9.50	32.00
Contracts, Tenders	12.00	41.00
Book Page	—	22.00
Panel	—	30.00

Premium positions available £9 per single column cm extra
All prices exclude VAT. (Minimum 30 cms)

For further details, write to:

Classified Advertisement Manager
Financial Times, 10 Cannon Street, London EC4P 4BY

Businesses Wanted

SUCCESSFUL ENTREPRENEUR WITH PROVEN TRACK RECORD SEEKS CONTROL OF QUOTED COMPANY

Provision will be made for existing controlling shareholders to benefit from future potential.

All replies treated with absolute confidence.

Write Box H2054, Financial Times,
10 Cannon Street, London, EC4P 4BY.

WILL YOUR BUSINESS RETIRE WITH YOU?

Finance director with excellent experience and background wishes to contact company principals who would favour a gradual relinquishment of management and equity

Companies with current PBT between £20,000 and £200,000 pa Located in the SE of England would be preferred

Write Box H2011, Financial Times
10 Cannon Street, London EC4P 4BY

DISTRIBUTION AND TRANSPORT

Young and dynamic plc with established growth record, profitability and experience management are
SEEKING TO EXPAND BY ACQUISITON
We are looking for a private or public company, specialist corporate subsidiary etc who are established in these sectors
The business would have profits between £250k and £4m and a management who could develop faster within an enthusiastic and supportive environment committed to distribution

Please reply to: The Chairman, Box H2032
Financial Times, 10 Cannon St, London EC4P 4BY

WANTED: SUBSTANTIAL EQUITY PARTICIPATIONS
Up to £10 million available.

Successful businessman seeks equity holding in listed/quoted company of up to 30% with active management participation. Investment could be by injection of new capital and/or purchase of existing shares.

Please reply in strict confidence to:

Corporate Finance Department (Ref: NM)
Williams de Broë Hill Chaplin & Company Limited
37 Lombard Street, London EC3V 9LL.

MANUFACTURING INDUSTRY
CAPITAL AND MANAGEMENT AVAILABLE

Our clients, based in the West Midlands, have successfully rescued a manufacturing business which is now being profitably expanded. They are looking for acquisitions or for companies requiring a capital injection where their proven expertise can be used to restore business health. *Location should be West Midlands/North West.*

Apply to: Mynshul Trust Limited, Cheshire House
18-20 Booth Street, Manchester M2 4AN
For the attention of Mr P. E. Webb

EXPANDING PUBLIC COMPANY

wishes to acquire

STEEL STOCKHOLDING COMPANIES

located in West Midlands and North East to compliment their existing Stockholding subsidiary
Minimum turnover level £500k

Replies treated in strictest confidence to Box H2074
Financial Times
10 Cannon St, London EC4P 4BY

PROFITABLE PLC

We are a profitable plc and wish to expand by acquisition in the manufacturing or industrial distribution sectors. We are looking for companies in the small to medium siz erange with pre-tax profits of up to £1m. Arrangements for acquisition can be based on cash or equity or a suitable mix. All replies will be treated with the utmost confidentiality.

Principals only to reply to:
Box H1721, Financial Times
10 Cannon St, London EC4P 4BY

HULL BASED COMPANY

Active in Property Investment and Development is interested in hearing from companies in similar fields with Residential/Commercial Portfolios trading profitably or otherwise with a view to acquisition or mergers.
Strict confidence observed

Please reply to Box H2044
Financial Times
10 Cannon St, London EC4P 4BY

FUNERAL DIRECTORS BUSINESSES WANTED

Any area or size considered

Contact:
M. I Makin FCA
Nash Broad
42 Upper Berkeley Street
London W1H 8AB
or telephone 01-823 7293

PLC

WISHES TO ACQUIRE AGRICULTURAL SALES COMPANIES

WITH DIRECT TO FARM SALES FORCE

National or local operations considered provided healthy gross margin is available.

Write Box H2024, Financial Times
10 Cannon St, London EC4P 4BY

GROWING DIRECT SALES ORGANISATION

seeks acquisition of companies involved in

FOOD, CONSUMABLES & DISPOSABLE PRODUCTS

Please reply to:
Box H2010, Financial Times
10 Cannon St, London EC4P 4BY

WANTED

SMALL LICENSED DEPOSIT TAKER

Shell or operating company

Unique commercial opportunity

Reply to Box H2045, Financial Times
10 Cannon St, London EC4P 4BY

WANT TO BUY

company holding licence to deal in securities by

DTI or FIMBRA

Write Box H2020, Financial Times
10 Cannon St, London EC4P 4BY

WITHIN 20-MILE RADIUS OF MANCHESTER

Advertiser with substantial capital seeks purchase of
PROFITABLE BUSINESS
where management may wish to retire in the foreseeable future

Please reply in strictest confidence to:
Box H2070, Financial Times
10 Cannon St, London EC4P 4BY

TRAVEL AGENT REQUIRED

* Must be ABTA & IATA licensed.
* Location: Bristol/Bath or London, West End.
* Local management must be willing to remain.

Write Box H2068, Financial Times
10 Cannon St, London EC4P 4BY

MFG CO.

(ENGLAND, SCOTLAND)

with tech products and export potential. Sale min. £3m
Future profit participation possible
Sell your company directly and avoid brokers fees

Write Box H1982, Financial Times
10 Cannon St, London EC4P 4BY

SMALL MANUFACTURING BUSINESS WANTED

Entrepreneur seeks to buy a small manufacturing business, preferably in the consumer market.

Write Box H2025, Financial Times
10 Cannon St, London EC4P 4BY

SMALL QUOTED PROPERTY COMPANY WANTED

Young property company wishes to purchase/merge/inject capital plus assets/acquire shareholding/enter into partnership with above

PHONE DAVID McALPINE ON 04862 24300

GROUP OF YOUNG BUSINESSMEN

Interested in Investing/Purchasing a small family owned

INDUSTRIAL / CHEMICALS / ENGINEERING COMPANY.

Write Box H2050, Financial Times
10 Cannon St, London EC4P 4BY

HOMEOPATHIC COMPANY

We wish to purchase all/part equity in company
PRODUCING/DISTRIBUTING A RANGE OF HOMEOPATHIC PRODUCTS
Size, profitability is not important but management must remain to assist expansion. Principals only

Write Box H2047, Financial Times
10 Cannon St, London EC4P 4BY

NEEDING A BUSINESS EXPERIENCE/CASH INJECTION?

Executive seeks small business opportunity
Could suit intending retirement situation

Write Box H2037, Financial Times
10 Cannon St, London EC4P 4BY

SECURITY GUARDING COMPANIES

Private company wishes to acquire Security Guarding Companies operating in the Thames Valley or Swindon areas

All replies will be treated with absolute confidence

Write Box H2012, Financial Times
10 Cannon St, London EC4P 4BY

GLASS MELTING

Established group wishes to acquire
BUSINESS/COMPANY WITH GLASS-MELTING CAPABILITIES
Please provide details of current production and daily melting capacity

All enquiries to Box H2029
Financial Times
10 Cannon St, London EC4P 4BY

WANTED

METAL PRESSING COMPANY

SOUTH EAST AREA

Circa £300,000 to £500,000 turnover.

Write Box H2008, Financial Times
10 Cannon St, London EC4P 4BY

MAJOR FIRM

Involved in Insurance Broking, Life Assurance, Unit Trust Advisory Services, Pension and Benefits Consultancy

SEEKS ACQUISITIONS

Commission/fee income between £250,000 and £5m pa considered

Write Box G10280, Financial Times
10 Cannon St, London EC4P 4BY

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY MAY 22 1987					THURSDAY MAY 21 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (94)	138.22	−1.3	122.45	127.32	3.06	139.98	123.57	128.99	140.95	99.92	90.47
Austria (16)	88.43	−0.2	78.35	81.71	2.30	88.65	78.25	81.82	101.62	88.43	85.21
Belgium (47)	116.69	+0.2	103.38	106.62	4.47	116.47	102.81	106.27	123.62	96.19	78.86
Canada (131)	124.87	−0.3	110.62	121.84	2.52	125.30	110.61	122.26	136.17	100.00	100.19
Denmark (39)	117.15	−0.1	103.78	106.79	2.59	117.28	103.53	106.71	124.10	98.18	97.63
France (122)	113.04	+0.8	100.14	105.41	2.64	112.18	99.03	104.65	121.82	98.39	83.86
West Germany (90)	91.43	−0.1	81.00	84.54	2.20	91.49	80.76	84.52	100.33	84.00	82.17
Hong Kong (45)	108.96	+0.1	96.53	109.19	3.02	108.80	96.05	109.00	114.71	96.89	72.50
Ireland (14)	128.80	−0.2	114.11	120.71	3.61	129.01	113.88	120.70	131.86	99.50	84.89
Italy (76)	102.15	+0.5	90.50	98.26	1.68	101.59	89.68	97.80	112.11	94.76	103.18
Japan (458)	153.20	+1.7	135.73	136.11	0.48	150.61	132.95	133.71	161.28	100.00	73.69
Malaysia (36)	165.54	−0.3	146.65	157.54	2.41	166.00	146.54	157.93	166.00	98.24	68.02
Mexico (14)	173.90	+0.1	154.06	236.72	0.93	173.81	153.43	236.03	197.27	99.72	50.47
Netherland (38)	117.39	−0.7	104.00	107.42	4.14	118.21	104.35	107.98	120.14	99.65	87.64
New Zealand (27)	91.28	+0.0	80.86	83.83	3.24	91.30	80.60	83.68	100.59	83.93	68.23
Norway (24)	138.58	+0.3	122.77	124.38	2.02	138.17	121.97	124.10	139.86	100.00	91.67
Singapore (27)	136.52	−1.1	120.94	132.93	1.78	137.99	121.82	134.37	137.99	99.29	60.69
South Africa (61)	175.93	−3.1	155.86	123.06	3.35	181.62	160.33	123.12	186.74	100.00	89.06
Spain (43)	112.26	+0.0	99.45	106.05	3.85	112.30	99.14	105.92	121.31	100.00	79.84
Sweden (33)	114.36	+0.0	101.31	105.55	2.19	114.37	100.96	105.44	124.68	90.85	85.78
Switzerland (51)	95.10	−0.9	84.25	86.08	2.00	95.94	84.69	86.78	104.06	93.26	81.43
United Kingdom (338)	145.14	+0.2	128.58	128.58	3.25	144.86	127.88	127.88	148.66	99.65	96.98
USA (596)	115.41	+0.6	102.25	115.41	3.14	114.71	101.26	114.71	124.06	100.00	101.25
Europe (931)	119.28	+0.1	105.68	108.49	2.92	119.14	105.17	108.15	121.61	99.78	90.41
Pacific Basin (687)	150.99	+1.6	133.76	134.76	0.64	148.66	131.23	132.59	158.30	100.00	74.17
Euro—Pacific (1618)	138.35	+1.1	122.56	124.28	1.43	136.89	120.84	122.84	143.22	100.00	80.57
North America (727)	115.91	+0.6	102.69	115.78	3.10	115.27	101.76	115.14	124.60	100.00	101.19
World Ex. US (1824)	138.29	+1.0	122.51	129.47	1.49	136.98	120.92	129.18	143.09	100.00	81.33
World Ex. UK (2082)	127.80	+0.9	113.22	120.41	1.93	126.65	111.80	119.24	133.33	100.00	88.40
World Ex. So. Af. (2359)	129.05	+0.9	114.32	121.12	2.05	127.93	112.93	119.99	133.85	100.00	89.13
World Ex. Japan (1962)	118.01	+0.3	104.55	113.69	3.03	117.66	103.87	113.23	121.81	100.00	96.52
The World Index (2420)	129.35	+0.8	114.59	121.17	2.06	128.27	113.23	120.04	134.11	100.00	89.13

Base values: Dec 31, 1986 = 100

Latest prices unavailable for this edition.
CONSTITUENT CHANGE: Hillards have been deleted (United Kingdom)

EUROPEAN OPTIONS EXCHANGE

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
		Aug 87		Nov 87		Feb 88		
GOLD C	$420	3	57A	—	—	—	—	$466.25
GOLD C	$440	—	—	30	54A	1	66	"
GOLD C	$460	5	27.50	—	—	—	—	"
GOLD C	$480	44	18.50	26	32.50	31	42	"
GOLD C	$500	46	12.50	8	25	2	35	"
GOLD C	$520	18	8.30	3	17.10	3	25	"
GOLD P	$420	20	4	—	—	3	9.80	"
GOLD P	$440	23	6.90	31	11	—	—	"
GOLD P	$460	20	15	—	—	—	—	"
GOLD P	$480	10	25A	—	—	—	—	"
		Jun 87		Sep 87		Dec 87		
SILVER C	$700	—	—	—	—	3	230A	$843
SILVER C	$850	—	—	—	—	12	150	"
SILVER C	$900	—	—	10	110	—	—	"
SILVER C	$1000	6	20	5	60	20	91	"
SILVER C	$1050	—	—	2	60	—	—	"
SILVER C	$800	45	30	—	—	—	—	"
SILVER P	$850	24	45	—	—	—	—	"
		Jun 87		Jul 87		Aug 87		
S/Fl C	Fl.200	—	—	—	—	300	4.40	Fl.200.96
S/Fl C	Fl.205	22	0.60	—	—	12	2.20	"
S/Fl C	Fl.220	20	0.10	—	—	—	—	"
S/Fl P	Fl.195	—	—	4	1.50	—	—	"
S/Fl P	Fl.200	8	1.70	2	3.40	—	—	"
S/Fl P	Fl.205	3	5.20	—	—	—	—	"
S/Fl P	Fl.220	1	18.50	—	—	—	—	"
		Sep 87		Dec 87		Mar 88		
S/Fl C	Fl.200	4	4.90	5	6	18	7	Fl.200.96
S/Fl C	Fl.205	1	3	—	—	20	4.90	"
S/Fl C	Fl.220	—	—	1	1.20	—	—	"
S/Fl P	Fl.195	10	3.40	—	—	—	—	"
S/Fl P	Fl.200	150	5.30	50	88	—	—	"

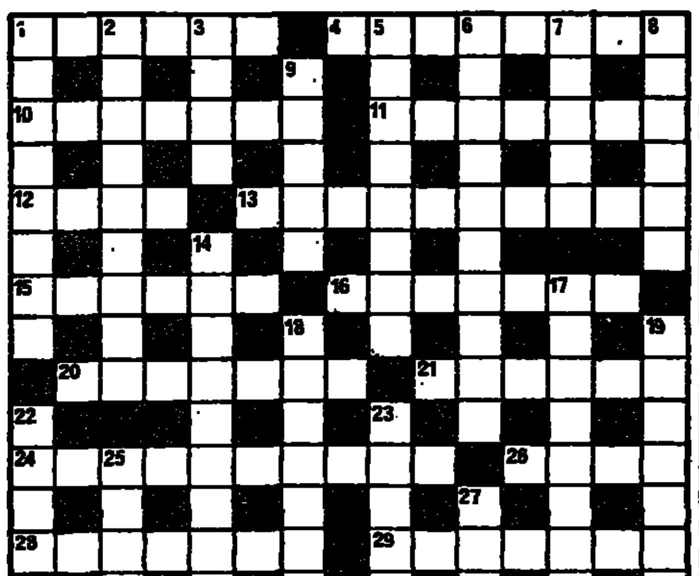
		Vol.	Last	Vol.	Last	Vol.	Last	
		July 87		Oct 87		Jan 88		
ABN C	Fl.540	37	1.20	291	4.50	10	10.50	Fl474.50
ABN P	Fl.460	107	6.10	25	14.50	54	17.50	"
AEGON C	Fl.90	104	2	14	3.70	3	5.50	Fl.86.30
AEGON P	Fl.90	49	5.30	24	68	5	7	"
AHOLD C	Fl.110	101	0.80	2	2.30	—	—	Fl.100.50
AHOLD P	Fl.105	200	5.50	10	7	—	—	"
AKZO C	Fl.140	255	1.30	21	4.50	7	6.70	Fl.128.70
AKZO P	Fl.140	240	12.50	5	13	22	13.50	"
AMEV C	Fl.60	19	1.80A	61	3.50A	—	—	Fl.58.20
AMEV P	Fl.60	32	2.70	24	3.70B	—	—	"
AMRO C	Fl.75	11	2.20	52	4.30	—	—	Fl.74
AMRO P	Fl.70	—	—	73	2.70	5	2.80	"
ELSEVIER C	Fl.54	60	0.40	25	1.20	—	—	Fl.48.10
ELSEVIER P	Fl.50	75	2.70	—	—	—	—	"
GIST-BROC C	Fl.45	129	0.90	19	1.80	11	2.80	Fl.40.80
GIST-BROC P	Fl.40	64	1.40	156	2.10	15	2.50	"
HEINEKEN C	Fl.180	120	3.40	3	6.90	—	—	Fl.173.50
HEINEKEN P	Fl.170	14	3	3	5	—	—	"
HOOGOVENS C	Fl.45	93	0.90	16	2.20	8	2.90	Fl.41
HOOGOVENS P	Fl.35	21	0.60	—	—	22	2	"
KLM C	Fl.45	1068	3.60	240	4.80	1	5.70	Fl.47.20
KLM P	Fl.45	648	1.40	175	3	—	—	"
NED. LLOYD C	Fl.190	15	0.30	—	—	—	—	Fl.141.50
NED. LLOYD P	Fl.150	35	15.10	6	18	—	—	"
NAT. NED. C	Fl.70	51	1.80	84	3.20A	34	4.50	Fl.67.80
NAT. NED. P	Fl.70	172	3.40	66	4.70B	67	4.50	"
PHILIPS C	Fl.50	259	1.30	163	2.80	50	3.90	Fl.47.40
PHILIPS P	Fl.50	207	3.20	37	48	205	4.50	"
ROYAL DUTCH C	Fl.260	351	5.60	150	10	12	13.50	Fl.255.90
ROYAL DUTCH P	Fl.220	7	0.60	1110	1.50	—	—	"
UNILEVER C	Fl.620	209	22.50B	40	37.50	2	45	Fl.625.50
UNILEVER P	Fl.620	867	12.50	13	18	1	26	"

TOTAL VOLUME IN CONTRACTS: 22,984

A=Ask B=Bid C=Call P=Put

FT CROSSWORD PUZZLE NO. 6335

PROTEUS



ACROSS

1 Medicine easy to take (6)
4 Takes pleasure but may be slighted (8)
10 Save up for book (7)
11 Speak about unusual love for spicy sausage (7)
12 Bird of popular kind (4)
13 Fresh start so that char gets in some overtime? (5, 5)
15 City rate change on the cards? (6)
16 Girl overwhelmed by crooner's smiling (7)
20 Fragrant oil found on island seat (7)
21 Catch about ten over the normal (6)
24 Skilful control of board (10)
26 Couple of quiet bearing (4)
28 Troublesome duck taken by Roman emperor to America (7)
29 He takes objective view about a catalogue (7)
30 Walking tour starting with study of books (8)
31 Pleaded to have food in bed (6)

DOWN

1 Way to wave to walker (8)
2 A book appearing on crimes perpetrated by vile wretch (9)
3 That which is learned from some school or establishment (4)
5 Held in thrall by "Valse Triste" in conclusion (8)
6 Siege leading to financial speculation (10)
7 Part of lethal match-game (5)
8 Named in some dusty ledger (6)
9 Bird seen by novice round lake (5)
14 Keep firm grip (10)
17 Managed to upset sailor's relation (9)
18 Cheese achieving standard above other names (8)
19 Acted and was responsible for opening work in theatre (8)
22 Bring something in of significance (6)
23 Trap in returning some clever answer (5)
25 Over-particular about initially entering relationship (5)
27 Had a reasonable share in venture (4)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

BASE LENDING RATES

	%		%		%
ABN Bank	9	● Charterhouse Bank	9	● Morgan Grenfell	9
Adam & Company	9	Citibank NA	9	Mount Credit Corp. Ltd	9
Allied Arab Bk Ltd	9	City Merchants Bank	9	Nat Bk. of Kuwait	9
Allied Dunbar & Co	9	Clydesdale Bank	9	NatWestminster	9
Allied Irish Bank	9	Comm. Bk. N. East	9	Northern Bank Ltd	9
American Exp. Bk	9	Consolidated Cred	9	† Norwich Gen. Trust	9
Amro Bank	9	Co-operative Bank	*9	PK Finans. Intl (UK)	10
Henry Ansbacher	9	Cyprus Popular Bk	9	Provincial Trust Ltd	11
ANZ Banking Group	9	Duncan Lawrie	9	R. Raphael & Sons	9
Associates Cap Corp	9	E. T. Trust	10	Roxburghe Guarantee	9½
Authority & Co Ltd	9	Equatorial Tst.C'p plc	9½	Royal Bk of Scotland	9
Banco de Bilbao	9	Exeter Trust Ltd	9½	Royal Trust Bank	9
Bank Hapoalim	9	Financial & Gen. Sec	9	Smith & Williamson Secs	9
Bank Leumi (UK)	9	First Nat. Fin. Corp	10½	Standard Chartered	9
Bank Credit & Comm	9	First Nat. Sec. Ltd	10½	Trustee Savings Bank	9
Bank of Cyprus	9	● Robert Fleming & Co	9	UDT Mortgage Exp	§11.2
Bank of Ireland	9	Robert Fraser & Ptrs	10	United Bk of Kuwait	9
Bank of India	9	Girobank	9	United Mizrahi Bank	9
Bank of Scotland	9	Grindlays Bank	‡9	Unity Trust PLC	9
Banque Belge Ltd	9	● Guinness Mahon	9	Westpac Bank Corp	9
Barclays Bank	9	HFC Trust & Savings	9	Whiteaway Laidlaw	9½
Benchmark Tst Ltd	9	● Hambros Bank	9	Yorkshire Bank	9
Beneficial Trust Ltd	10½	Heritable & Gen. Tst	9		
Berliner Bank AG	9	● Hill Samuel	§9		
Brit Bk of Mid East	9	C. Hoare & Co	9		
● Brown Shipley	9	Hongkong & Shangh	9		
Business Mtge Tst	9½	Lloyds Bank	9		
CL Bank Nederland	9	Mase Westpac Ltd	9		
Canada Permanent	9	Meghraj & Sons Ltd	9		
Cayzer Ltd	9	Midland Bank	9		

● Members of the Accepting Houses Committee. * 7-day deposits 4%. Savewise 6.66%. Top Tier—£2,500+ at 3 months' notice 7.97%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 4½% gross. ¶ Mortgage base rate. § Demand deposit 3.99%. Mortgage 11.25%.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price	+ or −	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
§180	F.P.	15/5	218	189	Armours10p	218	......	R5.4	2.5	3.4	15.9
§115	F.P.	20/5	165	128	Bellwinch 10p	162	+4	R3.2	3.7	2.6	13.6
§77	F.P.	30/6	105	96	‡BondedLaminates10p	105	+2	L2.4	2.4	3.1	18.4
§115	F.P.	8/5	172	133	Brooks Service Group	172	+2	L3.8	2.2	2.9	18.8
§80	F.P.	8/5	260	150	‡Burford Group	247	......	u1.2	3.2	0.66	63.6
‖ ‖	F.P.	—	440	400	Calor Group 50p	430	......	q12.0	2.6	3.8	13.7
130	F.P.	8/5	135	129	Cambridge Instru. 5p	130	+1	R0.7	8.8	0.7	14.8
§55	F.P.	12/6	98	68	‡Cambridge Isotope	85	......	R20.9	—	0.65	—
§200	F.P.	11/5	242	211	‡Castle Comms. 5p	242	......	R7.0	2.2	4.0	15.4
§185	F.P.	—	230	210	Chemoxy Intl.	230	+5	L4.9	2.7	2.9	16.2
—	F.P.	—	15	10	ChildHealthRes.Wrts	13	......	—	—	—	—
115	F.P.	8/5	140	114	Church (Charles) 5p	135	......	R2.75	3.10	2.7	16.1
§125	F.P.	—	185	145	‡Colorgraphic 10p	173	......	L3.0	2.8	2.4	20.1
‖ ‖	F.P.	—	310	284	Contitel 50p	285	+1	u8.0	1.6	3.8	21.5
§130	F.P.	22/5	158	145	Cooper (Alan) 10p	158	+8	M4.0	2.5	3.5	15.9
§135	F.P.	29/5	180	138	Doeflex 10p	180	......	L3.45	2.50	2.6	20.8
‖ ‖	F.P.	—	128	81	ERA Group 5p	128	......	W	—	—	64.0
§155	F.P.	15/5	225	170	‡Epwin Group 10p	225	......	L4.0	2.6	2.4	22.0
§120	F.P.	29/5	181	160	‡Filofax 5p	180	......	u2.7	2.8	2.0	24.1
§76	F.P.	—	99	76	‡GC Floor & Furn's	92	......	L1.95	2.8	2.9	16.9
§120	F.P.	29/5	127	120	‡March Group 5p	121	......	L4.2	2.4	4.6	11.9
§106	F.P.	—	120	113	‡Orchid Technology‖	118	......	R02.57c	5.2	1.4	13.7
§83	F.P.	—	95	88	Practical Invs.	94	−1	—	—	—	—
§55	F.P.	3/6	89	64	‡RKF Group 10p	86	......	u2.19	2.4	3.5	14.9
§140	F.P.	1/5	193	163	‡RelianceSecGroup5p	193	+3	b4.5	2.5	3.2	17.3
170	85	—	154	128½	Rolls-Royce 20p	146	+1	W4.99	2.7	2.9	14.0
§135	F.P.	—	232	163	‡Select Appts. 5p	233	......	L2.5	2.8	1.5	33.3
§125	F.P.	—	170	155	‡Sharp & Law 10p	162	......	b3.0	2.4	2.5	22.2
125	F.P.	15/7	260	230	‡Sock Shop Intl.5p	230	−9	R1.35	3.8	8.0	44.5
§125	F.P.	2/6	165	158	‡UCL Group 5p	160	......	u2.5	2.8	2.1	22.6
§140	F.P.	15/5	212	171	Waterglade Intl. 5p	212	+2	R3.25	3.5	2.0	17.5
§120	F.P.	29/4	305	145	‡WyevaleGdn.Cen.50p	305	+5	u2.63	2.8	1.2	41.4
§133	F.P.	22/5	148	136	YRM 10p	145	......	R4.41	3.5	2.2	17.0

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1987 High	1987 Low	Stock	Closing Price £	+ or −
§100	F.P.	—	117	111	Barham Grp. Cnv. Red. Prf. 10p	116	......
103.09	£10	25/6	13½	13	East Anglian Water 7% Red Prf 1996/98	13½	......
¶¶	F.P.	—	125	113	‡Ecobric 12¼% Cnv. Uns. Ln. 1988/90	120	+2½
—	F.P.	29/5	111¼	109	Ests.&Genlnv.new11¼%1stMt.Deb2018	111¼	+¼
—	F.P.	—	101p	96¼p	Friendly Hotels 4¾% Cnv Cum Red Prf £1	101p	+1½
—	£25	28/8	26½	24¼	Gt. Portland Ests. 9½% 1st Mt. Db 2016	24¾	−⅞
§100.156	£30	13/8	35¼	30⅛	Land Securities New 10% 1st Mt Db '25	33⅛	−¼
§99	£10	29/1	10⅛	9½	Mid-Sussex Water 10% Red Deb 2013/17	10⅛	+⅛
—	F.P.	—	102	98	Nationwide 9¹¹⁄₁₆pc 3.5.88	101	+⅛
—	F.P.	—	101	99⅞	Do. 8⅞pc 23.5.88	100	−1
—	£25	11/11	25½	24¾	North Housing Assoc. 8¾% Gtd.ln.2037	24½	+⅛
§95.221	£25	2/10	26	24⅜	Peachey Property 9½% 1st Mt.Deb.2015	24⅝	−⅛
§100	F.P.	—	114p	109p	Peel Hldgs. 5¼pc Cnv. N/V Prf. £1	114p	......
—	£40	12/8	39⅞	39⅛	Do. 9⅞pc 1st Mt. Deb. 2011	39⅛	−⅛
‖	Nil	31/7	46pm	32pm	Priest Marians6½pc.Cnv.Uns.Ln2000/03	32pm	−5
§98.221	£25	9/10	26¼	24⅜	Scot. Eastern Inv.Tst. 9¾% Deb 2020	24⅝	+⅛
§98.09	£25	1/9	27½	25⅞	Vaux 9⅞% Deb. 2015	27½	......

"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc Date	1987 High	1987 Low	Stock	Closing Price p	+ or −
240	Nil	—	34pm	22pm	Assoc. Book Publishers 20p	34pm	+8
43	Nil	10/7	15pm	11pm	Blackwood Hodge	12pm	......
180	Nil	—	23pm	14pm	Crowther (John)	18pm	+4
154	Nil	3/7	22½pm	11pm	Fisher (A.) 5p	15pm	−1
17	Nil	23/6	13pm	10pm	Gold & Base Metal12½p	13pm	+1
‖	Nil	29/5	62pm	45pm	Inv. in Success Wrrts.	62pm	......
110	Nil	—	19pm	15pm	Phoenix Timber	19pm	+1
215	Nil	—	22½pm	18pm	Scottish Heritable Tst.	22½pm	+½
105	Nil	—	42pm	23pm	Tyzack (W.A.) 10p	36pm	+1

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Dividend and yield based on prospectus or other official estimates for 1986/7. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures t Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖ ¶ Introduction. ~ Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

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FT UNIT TRUST INFORMATION SERVICE

Mayflower Management Co Ltd
No 1 London Bridge, London, SE1 9QU 01-378 7000

Income May 18	329.0	330.0	—	3.19
General May 5	259.1	275.7	—	1.77
International May 5	150.3	159.9	—	0.44
Global Inc Fd May 5	48.6	51.4	—	5.13

Medical Investments Limited
4 Sandys Row, London E1 7HW. 01-247 1167/8/9

Health Fund	48.4	50.9	-0.5	—

Mencap Unit Trust Mngrs Ltd (a)(c)(g)
Unicorn Hse, 252 Romford Rd, E7 01-534 5544

Mencap	181.9	192.4xd	—	3.78

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS 01-280 2060

American Growth	102.6	108.9xd	+1.3	2.34
(Accum Units)	107.5	113.7xd	+1.4	2.34
British Blue Chip Fund	48.0	51.7	-0.1	2.42
(Accum Units)	49.0	52.7	—	2.37
American Smaller Cos Fd.	47.0	49.7	-0.4	0.49
(Accum Units)	47.0	49.7	-0.4	0.49
American Sm Cos Ex Fd	44.1	45.2	+0.4	6.44
(Accum Units)	44.1	45.2	+0.4	0.44
American Income	48.2	51.0xd	+0.5	5.32
(Accum Units)	52.3	55.3	+0.6	5.32
European Growth	135.9	144.5	+3.0	0.65
(Accum Units)	140.7	149.6	+3.1	0.65
European Income	79.0	83.9	+0.9	3.59
(Accum Units)	81.2	85.9	+1.0	3.59
General	345.7	365.8	+2.5	2.26
(Accum Units)	574.1	607.5	+3.5	2.26
Gilt	92.1	92.5	+0.1	7.02
(Accum Units)	107.2	107.7	+0.2	7.02
Global Fund	47.8	50.5	+0.3	0.70
(Accum Units)	47.9	50.6	—	0.69
High Interest Fund	47.7	50.4	—	8.93
(Accum Units)	47.7	50.4	—	8.93
High Income Fund	49.1	51.9	+0.1	5.06
(Accum Units)	49.8	52.8	—	5.06
Income	113.9	120.5	+1.5	3.49
(Accum Units)	129.9	137.4	+1.6	3.49
International	283.2	299.6	+3.2	1.37
(Accum Units)	352.5	373.0	+4.0	1.37
Japan	220.7	233.5	+5.0	0.64
(Accum Units)	226.3	239.4	+5.2	0.64
Pacific Fd.	50.1	53.0	-0.2	0.10
(Accum Units)	50.3	53.2	—	0.10
Recovery	282.2	298.6xd	+1.5	2.17
(Accum Units)	306.9	324.7	+1.6	2.17
UK Smaller Co's Fd.	49.2	52.0	—	1.92
(Accum Units)	49.2	52.0xd	—	1.93
Exempt May 12	338.0	346.6	—	2.12
(Accum Units)	329.4	342.9	—	2.12

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AJ. 0707 45184

UK Income Fund	56.2	59.7	—	5.03
Accum Units	56.2	59.7	—	5.03

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

PM Equity Growth	107.8	114.7	+0.2	0.65
PM Income and Growth	95.4	101.5	—	3.25
PM N American Growth	48.6	51.4	—	0.39
PM European Growth	44.7	47.5	-0.4	0.66
PM Japan Growth	69.1	73.5	+1.4	0.36
PM Overseas Growth	49.1	52.2	—	0.48

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-59 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn LinkLine 0800 010345

Holborn Comm Tst.	70.2	74.2	+0.2	0.41
Holborn Equity Income	65.3	69.0xd	+0.2	3.73
Holborn Equity Tst	539.8	571.2xd	+1.1	2.36
Holborn European Tst.	108.8	115.1xd	+0.1	0.72
Holborn Gilt Tst.	213.5	222.4xd	+0.4	2.14
Holborn High Inc Tst	81.9	86.4	+0.3	4.98
Holborn Intl Grth Tst	111.1	117.5	+0.8	0.74
Holborn Japanese Tst.	126.8	134.1	+3.1	0.04
Holborn N. Amer. Tst.	85.5	90.3xd	+0.5	0.55
Holborn Sm Cos Tst.	70.7	74.8xd	+0.2	1.56
Holborn Spec Sits Tst.	92.2	97.5	+0.3	1.50
Holborn UK Growth Tst.	109.4	115.7	+0.6	1.62

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen. Fd.	612.9	648.6	+1.7	1.69
Quadrant Income	318.1	336.7	-0.1	4.25
Quadrant Intl. Fund	420.8	445.9xd	-0.3	1.15
Quadrant Spec. Sits.	400.1	423.4	+11.6	1.92

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 510033

British Life	226.8	241.2	—	2.38
Reliance Unit Tst (Inc)	150.6	160.3	—	2.02
Reliance Ut Tst (Acc)	203.0	215.8	—	2.02

Rensburg Fund Managers
Silkhouse Ct., Tithebarn St., Liverpool. 051-227 2030

Internat. Growth Trust	46.9	49.4	+0.7	1.5

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 01-634 2901/4

NC America (Inc)	294.8	313.6	+1.9	0.92
NC America (Acc)	322.0	342.5	+2.1	0.92
NC Inc Fd.	116.7	124.1xd	+0.5	3.27
NC Japan Fd.	204.9	217.9	+0.4	—
NC Major UK Cos Fd.	67.1	71.3	+0.3	1.82
NC Smlr Australasian	80.8	85.9	-0.1	0.86
NC Smlr Canadian CoFd.	—	90.0	—	—
NC Smaller Cos	204.3	217.3	+0.3	1.30
NC Smaller European	192.1	204.3	+0.1	0.51

FT UNIT TRUST INFORMATION SERVICE

MGM Assurance—Contd.

Pension Funds

Pension Equity	254.4	267.8	+0.8	—
Do. Accum	308.5	324.8	+1.0	—
Pens. Spec. Sits.	236.0	248.5	+0.8	—
Do. Accum	286.3	301.4	+0.8	—
Pens. North American	177.4	186.8	+0.5	—
Do. Accum	215.3	226.7	+0.6	—
Pens. Pacific Basin	351.3	369.8	+5.2	—
Do. Accum	426.3	448.8	+6.4	—
Pens. Fixed Int.	227.9	239.9	+0.1	—
Do. Accum	276.5	291.1	+0.1	—
Pens. Property	118.6	124.9	—	—
Do. Accum	143.9	151.5	—	—
Pens. Deposit	119.9	126.3	—	—
Do. Accum	145.4	153.1	—	—
Pens. Managed	234.3	246.7	+0.8	—
Do. Accum	283.8	298.8	+1.0	—

Manufacturers Life Insurance Co (UK)

St George's Way, Stevenage 0438 356101

Managed	431.0	453.7	—	—
Property	278.1	292.7	—	—
Equity	528.4	556.2	—	—
Gilt Edged	370.4	387.9	—	—
Deposit	202.9	213.6	—	—
Investment	225.9	237.2	—	—
International	405.6	426.9	—	—

Pension Fund Prices

Managed Init.	319.1	—	—
Do. Accum	388.4	—	—
Property Init.	240.5	—	—
Do. Accum.	292.5	—	—
Equity Init.	409.4	—	—
Do. Accum.	497.4	—	—
Gilt-Edged Init.	237.6	—	—
Do. Accum.	289.1	—	—
Guaranteed Init.	156.8	—	—
Do. Accum.	190.9	—	—
International Init.	502.9	—	—
Do. Accum	611.5	—	—
Index Lk. Gilt Init.	142.3	—	—
Do. Accum.	173.1	—	—

Merchant Investors Assurance

Leon House, 233 High St, Croydon 01-686 9171

Property	295.6	+0.1	—
Property Pens.	387.2	+0.1	—
Equity	182.2	-1.5	—
Equity Pens.	819.8	-8.5	—
Money Market	327.3	+0.6	—
Money Mkt. Pens.	565.5	+1.2	—
Deposit	234.6	+0.0	—
Deposit Pens.	371.5	+0.1	—
Managed	276.9	-1.0	—
Managed Pens.	526.4	-2.4	—
Intl. Equity	321.6	-1	—

National Provident Inst.—Contd.

Pension Fund Prices

Man. Initial	312.1	328.6	+0.6	—
Man Acc.	376.2	395.9	+0.7	—
UK Eq. Initial	399.8	420.9	+1.0	—
UK Eq.	470.3	495.1	+1.2	—
Overseas Eq. Initial	347.8	366.3	+1.4	—
Overseas Eq.	434.0	456.9	+1.7	—
American Initial	242.3	255.1	+1.2	—
American	289.4	304.7	+1.4	—
Far East Initial	470.8	495.6	+3.2	—
Far East	560.5	590.1	+3.9	—
Prop. Initial	130.8	137.7	—	—
Prop.	155.8	164.1	+0.1	—
Fixed Int. Initial	192.0	202.2	+0.4	—
Fixed Int.	228.5	240.6	+0.5	—
Indexed Gilt Initial	107.4	113.1	-0.6	—
Indexed Gilt	126.5	133.2	-0.7	—
Deposit Initial	133.5	140.6	—	—
Deposit	160.5	169.0	+0.1	—

NPI Pensions Management Ltd

Managed Fund	902.2	918.3	—	—

Prices May 1. Next dealing June 1.

Norwich Union Asset Management Ltd

PO Box 124, Norwich NR1 1JS 0603 683986

NUAM Funds

Managed Fund	55.2	58.2	+0.2	—
Stock Market Mngd Fund	56.3	59.3	+0.2	—
Equity Fund	61.8	65.1	+0.2	—
International Fund	50.6	53.3	+0.4	—
European Fund	33.6	36.5	+0.4	—
North American Fund	44.9	47.3	+0.2	—
Pacific Fund	63.3	66.7	+0.9	—
Property Fund	50.4	53.1	-0.1	—
Fixed Interest Funds	51.4	54.2	-0.1	—
Index Linked Sec Fund	47.4	39.9	-0.3	—
Deposit Fund	50.4	53.1	—	—

NUAM Retirement Plans

Mixed Fund	57.5	60.6	—	—
UK Ordinary Share	68.1	71.7	-0.4	—
International Fund	50.6	53.3	+0.5	—
Property Fund	51.1	53.8	—	—
Fixed Interest Fund	52.8	55.6	—	—
Index Linked Sec Fund	47.3	49.8	-0.1	—
Deposit Fund	51.9	54.7	—	—

NUAM (NIF)

Managed Fund	750.0	789.4	+2.7	—
Equity Fund	1623.4	1708.8	+6.5	—
Property Fund	313.7	329.6	—	—
Fixed Interest Fund	378.7	398.7	+0.5	—
Deposit Fund	205.6	216.5	—	—

Norwich Union Insurance Soc.

Pearl Assurance (Unit Funds) Ltd

Phoenix Assurance Co Ltd

Pioneer Mutual Insurance Co Ltd

Premium Life Assurance Co Ltd

Property Equity & Life Ass. Co

Property Growth Assur Co Ltd

Providence Capital Life Assc. Co Ltd

Provident Life Assoc Ltd

Provident Mutual Life Assc. Assn.

Provincial Life Assurance Co Ltd

Prudential Assurance Co

Prudential Pensions Limited

Regency Life Assurance Co Ltd

Reliance Mutual

Royal Heritage Life Assurance Ltd

Royal Life Insurance Ltd

Royal Liver Assce (Life & Pensions)

Save & Prosper Group

Scottish Amicable Investments

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance Society

Scottish Mutual Investments

Scottish Provident Institution

Scottish Widows' Group

Shield Assurance Ltd

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd

Sun Life Unit Assurance Ltd

Swiss Life Pensions Ltd

TSB Life Ltd

Target Life Assurance Co. Ltd.

Teachers' Assurance Company Ltd

Trident Life Assurance Co Ltd

Tunbridge Wells Equitable

UK Life Assurance Co Ltd

UK Provident

Vanbrugh Life Assurance Ltd

Vanbrugh Pensions Limited

Wesleyan & General Assurance Soc

Windsor Life Assur Co Ltd

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

FT UNIT TRUST INFORMATION SERVICE

[illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
12Dec	12Jne	Treas. 10pc 1987	100½xd	18.12	9.99	8.88
14Jan	14Jly	Treas 3pc 1987	99¼	8.12	3.02	7.74
3May	3Nov	Treas. 12pc 1987	101½	29.9	11.82	8.30
26 Jul	26 Jan	Treas 7¾pc 1985-88‡‡	99½	22.12	7.78	8.41
10Nov	10May	Exch 10½pc '88	101¾xd	6.10	10.32	8.55
14Dec	14Jne	Treas 9¾pc Cv '88	101½xd	18.12	9.65	8.66
1Jan	1Jul	Transport 3pc '78-88	96½	25.11	3.11	6.34
25 Apr	25 Oct	Treas. 9½pc '88	101	18.9	9.41	8.74
22 Aug	22 Feb	Treas 11½pc 1989	104¼	16.1	11.03	8.77
18 Oct	18 Apr	Treas 9½pc Cnv 1989	101½	11.9	9.39	8.76
15Nov	15May	Treas 3pc 1989	94½xd	9.10	3.17	5.96
14Dec	14Jun	Treas 10½pc 1989	103½xd	18.12	10.18	8.76
1Feb	1Aug	Exch 10pc 1989	102½	29.12	9.78	8.85
29 Mar	29 Sep	Exch 11pc 1989	104½	26.8	10.53	8.81
15 Apr	15 Oct	Treas 5pc 1986-89	95½	8.9	5.23	7.03
15 May	15 Nov	Exch 10¼pcCv '89	106xd	9.10	9.66	7.49
15 Jul	15 Jan	Treas 13pc 1990‡‡	109½	9.12	11.87	8.86
12 Aug	12 Feb	Exch 11pc 1990‡‡	105½	6.1	10.47	8.84
22 Sep	22 Mar	Exch. 12½pc 1990	108½	18.8	11.47	8.80
8 Nov	8 May	Treas. 3pc 1990	91½xd	2.10	3.27	6.14
15 Dec	15 Jun	Treas 8¼pc 1987-90‡‡	99½xd	18.12	8.25	8.27
25 Apr	25 Oct	Treas. 10pcCv 1990	103½	18.9	9.67	8.82
22 May	22 Nov	Exch 2½pc 1990	89½xd	16.10	2.80	5.90
10 July	10 Jan	Treas 11¾pc 1991	108½	4.12	10.81	8.89
5Oct	5Apr	Funding 5¾pc '87-91‡‡	95¼	1.9	6.03	7.16
13 Nov	13 May	Treas. 3pc 1991	89½xd	—	3.37	6.13
12Jan	12July	Treas 10pc Cv '91 ‡‡	107¼	8.12	9.29	7.78
25Apr	25Oct	Exch. 11pc 1991	107½	18.9	10.19	8.79
22Jly	22Jan	Treas 12¾pc 1992‡‡	114½	16.12	11.12	8.84
21Aug	21Feb	Treas 10pc 1992	104½	15.1	9.58	8.83
13Oct	13Apr	Treas. 8pc 1992 ‡‡(50pd)	47½	—	8.15	8.47
7 Nov	7 May	Treas 10½pc Cv 1992‡‡	106½	1.10	9.86	8.85
Five to Fifteen Years						
25 Feb	25 Aug	Exch. 12¼pc '92	113½	19.1	10.80	8.97
22Mar	22Sep	Exch 13½pc 1992	118½	18.8	11.37	8.97
15Oct	15Apr	Treas 10pc 1993‡‡	104½	8.9	9.55	8.94
14Jan	14Jul	Treas 12½pc 1993‡‡	116¼	8.12	10.76	9.01
15Mar	15Sep	Funding 6pc 1993‡‡	95½	11.8	6.35	7.08
23May	23Nov	Treas 13¾pc 1993‡‡	122½xd	17.10	11.18	8.99
1 Sept	1 Mar	Treas 14½pc 1994‡‡	127½	23.1	11.39	8.99
27Oct	27Apr	Exch 13½pc 1994 ‡‡	122¼	22.9	11.05	9.10
9Jun	9Dec	Treas. 10pc Ln. 1994	105½	—	9.50	8.97
22Feb	22Aug	Exch. 12½pc 1994	117½	16.1	10.62	9.09
17May	17Nov	Treas 9pc 1994‡‡	101¼xd	13.10	8.90	8.78
25Jul	25Jan	Treas 12pc 1995	115½	19.12	10.37	9.10
1Nov	1May	Exch 3pc Gas 90-95	81½	25.9	3.71	6.06
21Jan	21Jul	Exch. 10¼pc 1995	106½	15.12	9.60	9.04
15May	15Nov	Treas 12¾pc 1995‡‡	121½xd	9.10	10.50	9.05
22Jly	22Jan	Treas. 14pc '96	128½	16.12	10.94	9.23

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

BRITISH FUNDS—Contd

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

FOREIGN BONDS & RAILS—Contd

[illegible]

AMERICANS

Dividends Paid	Stock	Price	Last xd	Div Gross	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May Au N	NYNEX $1	36¼	26.3	b$3.48	—	5.9
Ap Jy Oct	PHH	21½	6.1	$1.04	—	3.0
My Ag Nv	Pacificorp $3.25	19¼	15.10	$2.40	—	7.5
	Pacific Telesis $0.10	13½	12'85	a$1.64	—	7.4
My Au No	Pall Corp. 25c	18¼	28.10	34c	—	1.2
Jun S D	Pennzoil 83c	50½	24.2	$2.20	—	2.7
Apr Ag N	Pillsbury‡	21½	28.4	$1.00	—	2.9
Oc Jan Apr	Quaker Oats $5	27	18.3	b80c	—	1.8
Je Se De	RJR Nabisco Inc.	29¼	5.5	$1.60	—	3.4
Apr Jly O	Rep NY Corpn $5	29	10.3	$1.16	—	2.5
May Ag N	Rexnord $5	15¼	10.11	44c	—	1.7
Jun S D	Rockwell Intl. $1	15½xd	14.5	$1.32	—	5.1

Continued on next page

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
ANZ Finance High Interest Cheque Acc				
Minerva Hse, Montague Cl, London, SE1			01-378 2576	
£250-£2,500	7.00	5.27	7.34	Qtr
£2,500+	9.00	6.77	9.52	Qtr
Adam & Co. plc				
22 Charlotte Sq, Edinburgh EH2 4DF			031-225 8484	
Full Service Car Acc	8.20	6.00	8.64	Qtr
Aitken Hume				
30 City Road, EC1Y 2AY.			01-638 6070	
Treasury Acc	8.25	6.21	8.71	Qtr
MthIncChq £1000-£5000	8.00	6.02	8.48	Mth
Mth. Inc. Chq. £5,000+	8.25	6.21	8.79	Mth
AAB—Allied Arab Bank Ltd				
97-101 Cannon St, London, EC4N 5AD			01-626 2046.	
HICA, H/CMA	8.75	6.58	9.30	Mth
Bank of Scotland				
38 Threadneedle St, EC2P 2EH.			01-628 8060	
Money Mkt Cheque Acc.	8.10	6.09	8.59	Mth
Barclays Prime Account				
PO Box 125, Northampton			0604 252891	
High Int. Cheque	7.875	6.00	8.40	Qtr
Benchmark Trust Ltd Premier Account				
9 Henrietta Place, W1M 9AG.			01-631 3313	
£5,000-£10,000	9.00	6.77	9.45	6-mth
£10,001-£20,000	9.25	6.96	9.70	6-mth
£20,000+	9.50	7.15	9.97	6-mth
Brown Shipley & Co Ltd				
Founders Court, Lothbury, London EC2R 7HE			01-606 9833	
Demand Acc	8.25	6.21	8.95	Qtr.
Charterhouse Bank Limited				
1 Paternoster Row, EC4M 7DH.			01-248 4000	
Sterling	8.50	6.40	9.02	Mth
U.S. Dollar	6.00	4.52	6.32	Mth
German Marks	3.50	2.62	3.65	Mth
Swiss francs	2.50	1.88	2.60	Mth
Japanese Yen	3.50	2.62	3.65	Mth
Citibank Savings				
St Martins Hse, Hammersmith Grove W6			01-741 4941	
Money Market Plus				
£1,000-£24,999	7.50	6.00	8.45	Mth
£25,000	8.00	6.30	8.88	Mth
Co-operative Bank Cheque & Save				

[illegible]

Money Market Trust Funds

[illegible]

UNIT TRUST NOTES

[illegible]

LONDON SHARE SERVICE

AMERICANS—Continued

Dividends Paid	Stock	Price £	Last xd	Div Gross	C'vr	Y'ld Gr's
Oc Ja Ap Jly	Sara Lee $1	23⅜xd	24.12	$1.00	—	2.6
Mr Ju Se De	Saul (B. F.) $1	9¼	7.4	20c	—	1.3
Fb My Ag No	Southwestern Bell $1	99¾	7.4	$6.96	—	7.2
—	Staley Continental	14⅝	—	80c	—	3.4
Mr Je Se De	Sun Co. Inc. $1	36⅛xd	5.11	$3.00	—	5.0
Ma Ju Se Dec	TRW Inc. $1¼	58xd	10.2	$3.20	—	3.4
Mr Jn Sp De	Tenneco $5	27⅛xd	12.5	$3.04	—	6.8
June Dec	Do. 10pcLn.Stk. 91-5	182½xd	24.11	10%	—	5.6
Mr Je Se De	Texaco $6.25	22⅜xd	31.7	$3.00	—	8.2
Mr Ju Se De	Time Inc. $1	54½	22.8	$1.00	—	1.2
Ja Ap Jy Oc	Tracor $0.33	11	16.9	40c	—	2.2
Ja Ap Ja Oc	Transamerica $1	19¼xd	31.3	$1.76	—	5.6
Fb My Au No	Transworld Corp $5	945p	11.11	20c	—	1.3
—	TRINOVA Corp.	36⅞xd	12.04	k$1.00	—	1.7
Mr Je Se De	♦USX $1	18¼	30.10	$1.20	—	4.0
Ag Nv Fb Jn	Union Carbide $1	16⅜	5.5	$1.50	—	5.6
Mr Jn Sp De	Utd. Technologies	27¼xd	19.5	$1.40	—	3.2
Fb My Ag No	US West‡	27¼	13.4	$3.28	—	7.3
—	Whirlpool $1.0	£29½	—	—	—	—
Mr Je Se De	♦Woolworth $3½	26⅞	19.11	$1.32	—	3.0

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING—Continued

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Cont.

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

FINANCE, LAND—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Continued

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
—	Abelscot Group 10p	390xd	—	3.5	2.7	1.2	41.9
—	Aberdeen Am Pet 10p	32	—	—	—	—	—
—	Allied Ins. Brokers	124xd	—	L3.5	2.5	4.0	14.4
—	Ardmore Pet. 'A'	13½	—	—	—	—	—
—	Catalyst Comms. 5p	70	—	—	—	—	—
—	Corton Beach 10p	86	—	0.4	ϕ	0.6	ϕ
—	Crown Eyeglass 5p	165	—	—	—	—	—
—	Edensprng Investment	215	—		—	—	—
—	Eglinton Oil Ir.5p	32xr	—	—	—	—	—
—	Do. Warrants	22	—	—	—	—	—
—	Publishing Hldgs.5p	39	—	—	—	—	22.6
—	Theme Holdings	51	27.4	1.0	ϕ	2.7	ϕ
—	Wett Group	120	—	R4.6	2.5	5.3	(8.6)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ∓ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- || No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	78xd	.....	Fin. 13% 97/02	£110¼	.....
Craig & Rose £1	£164¼	.....	Arnotts	345xd	+5
Finlay Pkg. 5p	86xd	.....	CPI Hldgs	58	.....
Holt (Jos) 25p	943xd	+3	Carrol Inds.	140	+9
IoM Stm. £1	113	+2	Dublin Gas	18	.....
			Hall (R. & H.)	100	.....
IRISH			Heiton Hldgs.	30	.....
Fund 11¼% 1988	£100⅛	.....	Irish Ropes	160	−5
Nat. 9¾% 84/89	£98⅛	.....	Unidare	355	−5

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	35	NEI	8
Amstrad	16	Nat West Bk	55
BAT	47	P & O Dfd	55
BOC Grp	42	Plessey	20
BSR	12	Polly Peck	28
BTR	30	Racal Elect	20
Babcock	19	RHM	30
Barclays	47	Rank Org Ord	55
Beecham	48	Reed Intnl	42
Blue Circle	62	STC	20
Boots	25	Sears	12
Bowaters	37	TI	55
Brit Aerospace	58	TSB	8
Brit. Telecom	20	Tesco	42
Burton Ord	23	Thorn EMI	50
Cadburys	22	Trust Houses	20
Charter Cons.	30	Turner Newall	24
Comm Union	29	Unilever	150
Courtaulds	35	Vickers	55
FNFC	28	Wellcome	50
Gen Accident	80	**Property**	
GEC	18	Brit Land	17
Glaxo	110	Land Securities	30
Grand Met	40	MEPC	32
GUS 'A'	100	Peachey	30
Guardian	85	**Oils**	
GKN	30	BOM	3½
Hanson Tst.	15	Brit Petroleum	60
Hawker Sidd	50	Burmah Oil	38
ICI	80	Charterhall	4
Jaguar	52	Premier	4
Ladbroke	40	Shell	75
Legal & Gen	25	Tricentrol	11
Lex Service	35	Ultramar	17
Lloyds Bank	48	**Mines**	
Lucas Inds.	55		
Marks & Spencer	18	Cons Gold	65
Midland Bk	55	Lonrho	24
Morgan Grenfell	35	Rio T Zinc	65

A selection of Options traded is given on the London Stock Exchange Report Page.

WORLD STOCK MARKETS

EUROPE

Holidays dampen trade

MARKET holidays in the US and Britain put a brake on trading in most European bourses yesterday and prices generally drifted. Against the trend, however, French, Spanish and Swedish shares saw variable gains.

Paris transactions were somewhat subdued by the lack of trading in London and New York, but those investors who ventured in took courage from the dollar's firmer tone and slight dips in domestic money market rates and the April unemployment figures. The CAC General index rose 5.2 to 427.3.

Constructions did well, with Bouygues climbing FFr 28 to FFr 1,169 and Lafarge Coppée gaining FFr 50 to FFr 1,575.

Among the few losers, La Redoute was off FFr 34 at FFr 3,265.

Madrid rose strongly on rumours that interest rates would soon be cut and the all-share index gained 4.81 to 225.37 with banks and utilities leading the way.

Telefonica added 2½ percentage points to 168½ per cent of nominal market value, while Iberduero was up 5½ points at 106½ per cent, its session limit.

Among banks, Santander rose 25 to 1,080 and Popular 10 to 1,480. Banco Central, which is planning to place up to 4m shares with small investors abroad, put on 5 points to 1,020 per cent.

Stockholm continued the upward correction of the end of last week, boosted by lower interest rates, but trading was light.

Asea, the heavy engineering group, lost SKr 1 to SKr 316 in advance of its lower first quarter profit and sales figures.

Milan showed the only other marked movement, closing sharply down amid worries over the forthcoming elections and position-squaring in advance of Thursday's settlements. The Banca Commerciale index was down 12.78 at 691.96.

Fiat, which is expected to announce satisfactory 1986 results tomorrow, fell L230 to L12,750. Montedison eased L40 to L2,640 and Olivetti ordinary shares, which are to be listed on the Vienna stock exchange from tomorrow, were L465 lower at L12,425.

Frankfurt finished generally lower in lacklustre trade hit by the closure of London and Wall Street. The firmer dollar failed to lighten the bearish mood and the Commerzbank index lost 6 points to 1,724.5.

The strongest shifts came in Daimler, down DM 5.50 at DM 967, Dresdner Bank, off DM 3 at DM 304, and Commerzbank, which fell DM 11 to DM 244.50 following a DM 9 dividend payout.

Linde, the machinery maker, rose DM 3 against the trend to DM 663; it raised its bid in the battle for control of French gases group Duffour et Igon to FFr 4,200 a share.

In the chemicals sector, Henkel, which expects further profits improvements this year, added DM 5 to DM 497.

Bonds were steady to slightly higher. The new 10-year stock with a 5½ pct coupon priced at par had a cool reception. The Bundesbank sold DM 126.5m worth of paper after selling DM 2.2m on Friday.

Amsterdam was very quiet, with shares closing mixed to lower. KLM, however, put on Fl 1.20 to Fl 47.60 in advance of its provisional results for the year due out today.

Zurich also saw trade dampened by the holidays in key centres, finishing mixed. **Brussels** was quiet and shares closed mixed, with Petrofina falling BFr 100 to BFr 11,050 and Royale Belge adding BFr 210 to BFr 6,110.

Oslo edged ahead. Norsk Hydro, which with Tricentrol of the UK has signed an oil exploration agreement with Syria, was off NKr 2.50 at NKr 204.

CANADA

DAMPENED by the US and UK holidays, the Toronto market was led lower by declines in gold and resources stocks in sluggish trading.

Dome Mines lost C$⅛ to C$19⅝ and Placer fell C$⅛ to C$22⅛ among golds, while Noranda eased C$⅝ to C$28⅛ and Alcan C$⅛ to C$37⅞ in the metals and mining sector.

Montreal moved lower but Vancouver gained.

ASIA

AIDS speculation helps gains

TOKYO

STRONG MORNING gains ran into light selling and equities closed moderately higher in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average added 50.05 points to 24,582.77 on low volume of 692m shares, down from Friday's 960m shares. Advances led declines by 509 to 349, with 147 issues unchanged.

The market opened broadly firmer on small-lot buying, extending its strength from the weekend. The bellwether index surged 198 from Saturday's level in trading, only 18 points shy of the 24,729 peak reached on May 15. But some of the morning gains were lost later as investors shied away from the high level of prices.

Trading remained lacklustre, with institutional investors keeping a low profile, brokers said.

Among the best performers were AIDS-related issues on news that the seven major industrial countries will discuss the virus during their Venice summit early next month. Also fanning interest was a US National Cancer institute report that azidothymidine, better known as AZT, is 100 times more effective against AIDS when administered with alpha interferon.

Nippon Zeon was the most active among AIDS-linked stocks, with 9.02m shares traded, and climbed Y110 to Y1,300. Ajinomoto gained Y140 to Y3,650, Asahi Glass Y 50 to Y2,150, Sumitomo Chemical Y30 to Y900 and Takeda Chemical Industries Y40 to Y3,350.

Shipbuildings were sought in early trading as investors showed interest in their vast unused land in coastal areas following enactment of a resort development bill last weekend. But the stocks ended lower almost across the board.

Mitsui Engineering and Shipbuilding shed Y2 to Y325 after strengthening Y7 at one stage on trading volume of 25.37m shares. Hitachi Zosen finished Y8 down at Y241 after gaining Y8 at one stage.

Large-capital stocks closed mixed on light volume. Nippon Steel headed the active stock list, with 41.34m shares changing hands, rising Y5 to Y370; Nippon Kokan added Y2 to Y330 and Mitsubishi Heavy Industries Y5 to Y590.

Bonds eased in extremely slow trading, affected by a number of uncertainties including the Bank of Japan's plan to shorten the settlement term of bond trading, currency matters to be discussed at the Venice summit, and the June issue of 10-year government bonds whose terms are due to be set at the weekend.

The yield on the 5.1 per cent government bond due in June 1996 rose from last Saturday's 3.020 per cent finish to 3.150 per cent after declining to 3.060 per cent in the morning in block trading on the Tokyo Stock Exchange.

It later gained further to 3.170 per cent on light selling in inter-dealer trading.

AUSTRALIA

MINING and oil stocks in Sydney fell for the third day running as softer international commodity prices flowed through into share prices.

The All-Resources index dipped from 1,284.6 to 1,231.2 and the gold-shares index dropped 128 points to 3,373.

Market holidays in London and on Wall Street resulted in an absence of buyers, with the All-Ordinaries index falling to 1,806 at one stage before finishing at 1,802.4, 23.7 points down.

HONG KONG

REPORTS that Hutchison Whampoa and Cheung Kong will link in a bid for a major commercial site in Hong Kong triggered heavy buying centred on the companies. Hutchison finished HK$2.75 up at HK$51.50 and Cheung Kong put on 20 cents to HK$11.50.

Interest in these stocks helped the Hang Seng index to gain 28.48 points and put it through the 2,900 barrier, finishing at 2,926.10.

SINGAPORE

BULLISH sentiment over Singapore's economy underlined the state of the market, even though it closed slightly down amid profit-taking in moderate trading.

News that economic growth in the first quarter was up by 6.5 per cent, compared with 5.8 per cent in the last 1986 quarter, helped the firm undertone.

The Straits Times industrial index shed 1.74 points to finish at 1,204.30.

SOUTH AFRICA

GOLD prices closed slightly down in Johannesburg, with minimal interest resulting in uneventful trading.

Industrial market leader Barlow Rand reported a 30.7 per cent boost in net profits in the six months ended March 31, but too late to affect its share price, which slipped R1 to R25.75.

Vaal Reefs dropped R3 to R435 while Elandsrand shed 50 cents to R36.25. Diamonds and platinum reflected golds, De Beers down 25 cents to R40.50 and Rustplat dipping 50 cents to R57.

WORLD STOCK MARKETS

TOKYO

Light sales halt early share rises

STRONG early gains ran into light sselling and equities closed moderately higher in Tokyo yesterday, writes **Shigeo Nishiwaki of Jiji Press**. The Nikkei average added 50.05 points to 24,582.77 on a low volume of 692m shares against Friday's 960m. Advances led declines by 509 to 349.

The market opened broadly firmer on small-lot buying, extending its strength from the weekend. But some of the morning gains were lost later as investors shied away from high prices in lack-lustre trading with institutional investsors holding back.

The best performers were AIDS-related issues on news that the seven main industrial countries will discuss the diseas in Venice early next month. Interest also centred on a US National Cancer Institute report that azidothymidine (better known as AZT) is 100 times more effective against AIDS when administered with alpha interferon.

Nippon Zeon was the most active AIDS-linked stock and climbed Y110 to Y1,300 on a volume of 9m. **Ajinomoto** gained Y140 to Y3,650, **Asahi Glass** Y50 to Y2,150, **Sumitomo Chemical** Y30 to Y900 and **Takeda Chemical Industries** Y40 to Y3,350.

Shipbuilding stock was sought in early trading, but ended lower across the board. **Mitsui Engineering and Shipbuilding** shed Y2 to Y325 after strengthening Y7 at one stage on a volume of 25.37m shares. **Hitachi Zosen** finished Y8 down at Y241 after rising at one stage.

Housing-related shares, last week's main advances, faded on anxiety about high prices. **Misawa Homes** slid Y100 to Y2,830, and **Sekisui House** and **National Housse Industrial** Y30 each to Y2,410 and Y2,230.

Large-capital stocks closed mixed on light volume. **Nippon Steel** headed the active stock list, with 41.3m shares changing hands; **Nippon Kokan** added Y2 to Y330 and **Mitsubishi Heavy Industries** Y5 to Y590, while **Ishikawajima-Harima Heavy Industries** fell Y12 to Y703.

GERMANY

German share prices ended a quiet bourse session in Frankfurt mixed with an easier bias. Investors neglected the market with public holiday's in Britain and the US. Poor prognoses for the economy from both the Munich-based IFO Institute and from Helmut Schlesinger, the Bundesbank vice-president, had no immediate impact but added to the underlying soft sentiment.

The Commerzbank index fell 6.0 points to 1,724.5. Foreigners continued to show no enthusiasm for German shares. "German stocks are out of fashion and there are plenty of alternatives," said one dealer.

Deutsche Bank edged 50 pfennigs down to close at DM 582.50. **Dresdner** fell three to DM 304 and **Commerzbank**, ex-dividend, lost 11 to DM 244.50. Insurer **Allianz** fell two to DM 1,593.

In motors, **VW** eased 50 pfennigs to DM 359.50, **Daimler** dropped DM 5.50 to DM 967, **BMW** was steady at DM 572 and **Porsche** rose 10 to DM 840.

CANADA

Canadian stocks moved lower in very thi trading as most share prices fluctuated in a narrow range lacking direction from US and British markets, which were closed. In Toronto, the composite index lost 8.50 points to 3670.30 in a light volume of 8.6m shares. Declines narrowly led advances 395 to 289, with most stock groups weaker.

Golds led the decline. **Dome Mines** fell 50 cents to C$19¾, **Placer** shed 50 cents to C$22½ and **Campbell Red Lake** lost ⅝ to C$39.

Other resource stocks followed Golds lower. Among Metals and Mines, **Noranda** declined 75 cents to C$28⅛. **Alcan** dipped 25 cents to C$37⅛ and **Cominco** eased ⅛ to C$16⅞. Oils also sagged. **Shell Canada** lost one to C$46¾, **Imperial Oil Class A** slipped ⅝ to C$69¾ and **Gulf Canada** lost 50 cents to C$30¼.

Industrial stocks firmed slightly against the trend, helped by Financials and Steels.

Banks, which raised their prime lending rates last Thursday and Friday, mostly strengthened. **Royal Bank of Canada** rose 25 cents to C$32⅛ and **Canadian Imperial Bank of Commerce** gained 25 cents to C$20¾. **Toronto Dominion** lost 25 cents to C$26¼. **Algoma Steel** gained 25 cents to C$16¼ and **Dofasco** added ⅛ to C$25⅞.

Montreal's market portfolio index eased 2.11 points to 1815.64.

ZURICH

Swiss domestic stocks closed mixed on low turnover as trading remained quiet. Banks generally were slightly higher, led by registered stocks of **Bank Leu** and **Union Bank of Switzerland**. However, other sectors like Insurances, Financials or Industrials were mixed. Among Blue Chips, the sharpest gains of the day were recorded by engineering **Brown Bover**, its registered stock rising 20 francs to SwFr 390. **Surveillance certificate** also was quoted higher, recovering last week's losses.

Strong gains also were recorded by the services company **Adia** and by Engineering **Sulzer** which saw its certificate up 25 to SwFr 545. Engineerings were led lower by the registered stock of **Georg Fischer** which fell 20 francs, and its bearer share drifted lower in sympathy. **Autophon bearer** which had posted strong gains last week also went down 300 francs to SwFr 8,900, followed by the bearer share of **Oerlikon-Beuhrle**, down 40 to SwFr 1,170.

AUSTRALIA

Australian share markets closed weaker as buyers were sidelined due to the holidays in New York and London. The highlight was heavy selling in **Hartogen** shares after news that tests in the Philippines had failed. Its shares fell A$1.50 to A$3.50 on turnover of 1.1m shares, and associates **Genoa** and **Consolidated Petroleum** lost heavily too. The all ordinaries index finished 23.7 points down at 1,802.4.

The all industrials index fell 11.1 points to 2,551.8. Brokers described trading as quiet, with little widespread selling. A fall in gold prices over the weekend and media reports suggesting a downward correction was imminent were also cited as reasons for the bearish undertone.

HONG KONG

Share prices closed sharply higher in Hong Kong on fairly heavy buying centred on **Cheung Kong** and its associate **Hutchison Whampoa**. The Hang Seng index gained 28.48 points to 2,926.10, close to the record high of 2,939.05 reached on March 3. Turnover was HK$1.03bn against HK$944.54m last Friday. **Cheung Kong** ended 20 cents higher at HK$11.50 and **Hutchison Whampoa** rose 2.75 to HK$51.50.

Brokers forecast that shares of the two companies might rise further ahead of a one-for-four stock split in Hutchison. But they noted heavy selling in some blue chips. **Hang Seng Bank** fell 50 cents to HK$36.75, **Jardine Matheson** 30 to HK18.20, **HK Land** 15 to HK$6.60 and **China Light** 10 to HK$21.10.

AMSTERDAM

Dutch shares closed mixed in thin trading with total turnover less than half the average.

Akzo shed Fl 1.40 to Fl 128.70, **Philips** added 10 cents to Fl 47.40, **Unilever** eased three to Fl 625.50 and **Royal Dutch** rose 10 cents to Fl **KLM/Royal Dutch Airlines** added Fl 1.20 ahead of its provisional 1986/87 results and banks are expecting a net profit of around Fl 274m. Insurer **Stad Rotterdam** closed 20 higher at Fl 131.00 after reporting a 5.2 per cent rise in first quarter profits.

JOHANNESBURG

Gold share prices closed slightly easier in Johannesburg on the weaker bullion price, but trading was uneventful with interest minimal. Heavyweight **Vaal Reefs** shed R3 at R435 but **Kandfontein** was steady at R497, while **Elandsrand** lost 50 cents at R36.25. Platinums and Diamonds mirrored Golds, **Rustplat** shedding 25 cents at R57 and **De Beers** 25 cents at R40.50.

While British markets were closed yesterday for the Spring Holiday, US markets remained closed as well to mark Memorial Day.

NEW YORK

CANADA

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

AUSTRALIA (Continued)

HONG KONG

JAPAN

JAPAN (Continued)

SINGAPORE

SOUTH AFRICA

NEW YORK ACTIVE STOCKS

Indices

NEW YORK

DOW JONES

CANADA

TORONTO

TOKYO — Most Active Stocks
Monday, May 25, 1987

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Worries over trade figures on memories of 1970

BY COLIN MILLHAM

STERLING LOST ground on Friday as there were one or two signs of nervousness about the outcome of next month's UK general election.

There was no strong news to move the market, apart from a Harris poll for Thursday's TV-am suggesting Labour were within three points of the Tories, but stockbroker, James Capel, mentioned memories of 1970, when Labour called an election after good local election results, was well ahead in the opinion polls, and lost after a poor set of trade statistics.

April's trade figures will be published Thursday and according to a survey by Money Market Services the visible trade deficit is expected to be £600m, and the current account to be flat. County NatWest forecasts a trade deficit of £850m and a current account shortfall of £250m, while James Capel, looks for a deficit on trade of £750m and on current account of £150m. All the figures assume that invisible earnings remain at £600m.

James Capel points out that this could be the first deficit for the current account in 1987, and does not expect the situation to improve as the year continues, adding to sterling vulnerability.

Two pieces of rather disturbing news were all but ignored last week, as attention remained fixed on the UK political situation.

The first was Monday's announcement of a 3.8 per cent rise in April UK retail sales, about double most expectations, and the second was rising money supply growth coupled with bank lending dominated by the personal sector.

These point towards possible problems over inflation, led by strong consumer demand, sucking imports into the UK.

The Bank of England voiced concern about the money supply figures, at a time when the authorities are determined not to overfund by issuing large amounts of gilts, but need to find a way of offsetting rising liquidity caused by intervention on the foreign exchanges to prevent sterling climbing, particularly against the D-Mark.

Lloyds Bank in its latest World Economic Outlook predicts the pound is likely to stay close to its present rate of $1.68 until the end of 1988, declining with the dollar against the stronger currencies. By 1991 it could be back to $1.44 to maintain competitiveness at a time of rising inflation, and because of the recovery of the dollar. The Bank expects sterling to join the European Monetary System later this year at DM 2.70.

Llyods Bank also expects the pound to be devalued against the D-Mark by about 5 per cent, a year, about the same rate as the lira and slightly more than the French franc.

US inflation has become a major worry, but Friday's economic news painted a confused picture. A rise of 0.4 per cent in the April consumer price index was a little better than feared, and compared with forecasts of up to 0.6 per cent, but the implicit price deflator, an indication of inflation included in the revised quarterly gross national product figure, rose 4.2 per cent in the first quarter, against an estimate of 3.5 per cent a month ago.

But if rising inflation is a worry, so is third world debt, following the Citicorp loan loss announcement, and there was also concern about the real level of US growth. The GNP figure of 4.4 per cent in the first quarter included a large amount of stockpiling, while net exports were only $10.8bn, against the initial estimate of $13.8bn.

£ IN NEW YORK

May 22	Close	Previous Close
£ Spot	1.6670-1.6685	1.6795-1.6705
1 month	0.19-0.20 pm	0.20-0.18 pm
3 months	0.47-0.45 pm	0.47-0.45 pm
12 months	1.96-0.90 pm	0.97-0.90 pm

Forward premiums and discounts apply to the U.S. dollar.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu May 22	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0153	+1.31	+0.66	± 1.5344
Danish Krone	7.85212	7.81043	−0.53	−1.18	± 1.6404
German D-Mark	2.05853	2.07584	+0.84	+0.19	± 1.0981
French Franc	6.90403	6.94560	+0.60	−0.05	± 1.3674
Dutch Guilder	2.31943	2.33810	+0.80	+0.5	± 1.5012
Irish Punt	0.768411	0.775275	+0.89	+0.24	± 1.6684
Italian Lira	1483.58	1502.93	+1.30	+1.14	± 4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

May 22	£	$	DM	YEN	F Fr.	S Fr.	H FL	Lira	C $	B Fr.
£	1.	1.674	2.975	233.3	9.950	2.443	3.355	2155.	2.253	61.75
$	0.598	1.	1.779	140.6	5.945	1.460	2.005	1288.	1.346	36.90

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
120	6.23	7.04	1.05	2.06
122	4.58	5.51	1.40	2.53
124	3.49	4.44	2.31	3.46
126	2.46	3.46	3.28	4.48
128	1.60	2.58	4.42	5.60
130	1.23	2.15	6.05	7.17
132	0.58	1.44	7.40	8.46
134	0.38	0.00	9.20	0.00

Estimated volume total, Calls 986 Puts 908

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
80	7.55	8.09	0.11	1.23
82	6.04	6.47	0.24	1.61
84	4.30	5.30	0.50	2.44
86	3.23	4.24	1.43	3.38
88	2.19	3.16	2.39	4.30
90	1.26	2.30	3.46	5.44
92	0.54	1.54	5.10	7.04
94	0.31	1.23	6.51	8.37

Estimated volume total, Calls 6 Puts 4

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last June	Calls—Last July	Puts—Last June	Puts—Last July
20750	12.00	15.98	1.35	1.88
21000	10.08	14.07	1.93	2.47
21250	8.33	12.28	2.68	3.18
21500	6.77	10.62	3.62	4.02
21750	5.40	9.11	4.75	5.01
22000	4.23	7.73	6.08	6.13
22250	3.24	6.50	7.59	7.40
22500	2.44	5.42	9.29	8.81

Estimated volume total, Calls 11 Puts 10

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Close	High	Low	Prev.
June	0.6844	0.6901	0.6835	0.6879
Sep.	0.6904	0.6962	0.6895	0.6940
Dec.	0.6975	0.7020	0.6970	0.7011
Mar.	0.7040	—	0.7040	0.7070

STANDARD & POORS 500 INDEX
$500 times index

	Close	High	Low	Prev.
June	281.85	284.80	280.75	280.70
Sept.	284.00	284.80	280.75	280.70
Dec.	286.15	288.90	285.40	285.15
Mar.	—	291.00	—	287.15

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.6735	1.6716	1.6689	1.6652	1.6635
D-mark	2.9750	2.9629	2.9386	2.9011	2.8302
French Fr.	9.9500	9.9468	9.9423	9.9344	9.9312
Swiss Fr.	2.4425	2.4316	2.4137	2.3830	2.3266
Yen	235.25	234.32	232.41	229.44	224.05

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 37.00-37.10

MONEY MARKETS

Sterling holders take profits

UK clearing bank base lending rate 9 per cent since May 8

INTEREST RATES and sterling appeared to be unmoved by indications from the opinion polls that Labour could be gaining ground head of next month's general election, until questions began to be asked about the attitude of foreign holders of the pound, who have built up long positions in expectation of another Tory government.

Conservative support held at or above 40 per cent, but nerves will be stained if the next few weeks cast any doubt about a further period with Mrs Margaret Thatcher as Prime Minister.

London money market rates had a firmer tone, particularly at the long end, increasing the positive yield curve.

Three-month interbank finished the week offered at 8¾ per cent, half way between the present level of bank base rates at 9 per cent and the 8½ per cent level, where the market expects base rates to move fairly quickly, providing the Conservative's win the election.

But as financial markets grew nervous on Friday holders of sterling took the opportunity to take profits and cover short dollar positions, in case the US Federal Reserve decided to increase its discount rate.

Citibank's second quarter loss and increased loan loss provision, because of problems over loans to the third world, shocked financial markets last week, creating confusion about the implications.

The debt problem and doubts about the US economy, in spite of Friday's upward revision in first quarter GNP growth, were expected to make the Fed think carefully before moving on the discount rate.

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on May 22, 1987. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate.